

**WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL**

FINANCIAL STATEMENTS

Year Ended June 30, 2014

WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL
Table of Contents

	<u>PAGE (S)</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	1-2
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position.....	3
Statement of Activities.....	4
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	5-6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	7-8
Notes to Financial Statements.....	9-13
<u>OTHER REPORTS AND SCHEDULES</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ...	14-15

FINANCIAL SECTION

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Independent Auditor's Report

Board of Directors
Wood River Waldorf Methods School, Inc. dba Syringa Mountain School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Wood River Waldorf Methods School, Inc. dba Syringa Mountain School (the School) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Quest CPAs, P.C.

Payette, Idaho
September 25, 2014

BASIC FINANCIAL STATEMENTS

**WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL**

Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash	\$379,321
Prepaid Expenses	31,525
Security Deposit	16,000
Total Current Assets	<u>426,846</u>
Noncurrent Assets	
Nondepreciable Capital Assets	0
Depreciable Net Capital Assets	353,413
Total Noncurrent Assets	<u>353,413</u>
Total Assets	<u><u>\$780,259</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$94,298
Total Current Liabilities	<u>94,298</u>
Total Liabilities	<u>94,298</u>
Net Position	
Net Investment in Capital Assets	353,413
Restricted:	
Special Programs	4,125
Unrestricted	328,423
Total Net Position	<u>685,961</u>
Total Liabilities and Net Position	<u><u>\$780,259</u></u>

WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL

Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Instructional Programs					
Elementary School	\$11,105		\$11,105		\$0
Support Service Programs					
Instruction Improvement	38,792	\$8,271	38,792		8,271
Board of Education	2,737		2,737		0
School Administration	44,251		44,251		0
Business Operation	2,911		2,911		0
Buildings - Care	22,262			\$22,262	0
Non-Instructional Programs					
Capital Assets - Student Occupied	7,212		150,204	210,421	353,413
Total	<u>\$129,270</u>	<u>\$8,271</u>	<u>\$250,000</u>	<u>\$232,683</u>	<u>361,684</u>
General Revenues					
Local Revenue					324,277
Total					<u>324,277</u>
Change in Net Position					685,961
Net Position - Beginning					0
Net Position - Ending					<u>\$685,961</u>

WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL

Page 1 of 2

Balance Sheet - Governmental Funds

June 30, 2014

	Albertsons Fund	Private Donations Fund	Total Governmental Funds
Assets			
Cash		\$379,321	\$379,321
Prepaid Expenditures		31,525	31,525
Security Deposit		16,000	16,000
Total Assets	\$0	\$426,846	\$426,846
Liabilities			
Accounts Payable		\$94,298	\$94,298
Total Liabilities	\$0	94,298	94,298
Fund Balances			
Restricted:			
Special Programs		4,125	4,125
Nonspendable		31,525	31,525
Unassigned		296,898	296,898
Total Fund Balances	0	332,548	332,548
Total Liabilities and Fund Balances	\$0	\$426,846	\$426,846

**WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL**

Page 2 of 2

Balance Sheet - Governmental Funds
June 30, 2014

**Reconciliation of Total Governmental Fund Balances to Net
Position of Governmental Activities**

Total Governmental Fund Balances	\$332,548
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Amounts reported for governmental activities in the statement of net
position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	353,413
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Net Position of Governmental Activities	<u>\$685,961</u>
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**WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL**

Page 1 of 2

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2014

	Albertsons Fund	Private Donations Fund	Total Governmental Funds
Revenues			
Local Revenue	\$250,000	\$565,231	\$815,231
Total Revenues	<u>250,000</u>	<u>565,231</u>	<u>815,231</u>
Expenditures			
Instructional Programs			
Elementary School	11,105		11,105
Support Service Programs			
Instruction Improvement	38,792		38,792
Board of Education	2,737		2,737
School Administration	44,251		44,251
Business Operation	2,911		2,911
Buildings - Care		22,262	22,262
Non-Instructional Programs			
Capital Assets - Student Occupied	150,204	210,421	360,625
Total Expenditures	<u>250,000</u>	<u>232,683</u>	<u>482,683</u>
Excess (Deficiency) of Revenues Over Expenditures	0	332,548	332,548
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	332,548	332,548
Fund Balances - Beginning	0	0	0
Fund Balances - Ending	<u><u>\$0</u></u>	<u><u>\$332,548</u></u>	<u><u>\$332,548</u></u>

DBA SYRINGA MOUNTAIN SCHOOL

Statement of Revenues, Expenditures, and Changes in

Fund Balances - Governmental Funds

Year Ended June 30, 2014

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities****Net Change in Fund Balances - Total Governmental Funds** **\$332,548**

Amounts reported for governmental activities in the statement of
activities are different because:

Government funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is
allocated over their estimated useful lives as depreciation expense.

This is the excess of capital outlays over (under) depreciation
expense in the current period.

353,413

Change in Net Position of Governmental Activities

\$685,961

WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Wood River Waldorf Methods School, Inc. dba Syringa Mountain School (the School) is organized as a nonprofit corporation providing public charter school educational services as authorized by Section 33 of Idaho Code.

Idaho Code Section 33-5210(3) requires charter schools to comply with the same financial reporting requirements imposed on traditional public school districts, i.e. – on a governmental, rather than nonprofit, basis of accounting. Additionally, enabling legislation creates charter schools as public entities, i.e. – as public schools, subject to provisions common with other governmental entities as set forth in Idaho Code Section 33-5204. Accordingly, the School's basis of presentation follows the governmental, rather than nonprofit, reporting model.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to charter schools. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL
Notes to Financial Statements

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds, when present, are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds. Major governmental funds of the School include:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the Albertsons fund, which is used to account for certain funding for initial operations, and the private donations fund, which is primarily used to account for funding from private donors.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and any fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash – Nearly all the cash balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash are reported in each fund as cash. Interest earned on pooled cash is allocated to the various funds in proportion to each fund's respective investment balance.

Receivables – Receivables when reported are net of any estimated uncollectible amounts.

WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL
Notes to Financial Statements

Inventories – Material supplies on hand at year end are stated at cost using the first-in, first-out method.

Capital Assets and Depreciation – Significant capital asset acquisitions with an original cost of \$5,000 or more are recorded at cost if purchased or fair value if contributed. Minor repairs and maintenance are expensed as incurred. When incurred, depreciation over the estimated useful lives of depreciable assets is recorded using the straight line method.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

Income Taxes – The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business activities. The School's Form 990, Return of Organization Exempt from Income Tax, for the fiscal year ending 2014 is subject to examination by the IRS, generally for three years after it is filed.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be

WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL
Notes to Financial Statements

at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning concentrations of credit risk.

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

B. CASH

Cash consists of the following at year end:

Cash - Deposits	\$379,321
Total	<u><u>\$379,321</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$379,321 and the bank balances were \$406,041. Of the bank balances, \$250,000 was insured and the balance was uninsured and uncollateralized.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

WOOD RIVER WALDORF METHODS SCHOOL, INC.
DBA SYRINGA MOUNTAIN SCHOOL
Notes to Financial Statements

C. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$0			\$0
Total	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>
Depreciable Capital Assets				
Buildings	0	360,625		360,625
Equipment	0			0
Subtotal	<u>0</u>	<u>360,625</u>	<u>0</u>	<u>360,625</u>
Accumulated Depreciation				
Buildings	0	7,212		7,212
Equipment	0			0
Subtotal	<u>0</u>	<u>7,212</u>	<u>0</u>	<u>7,212</u>
Total	<u>0</u>	<u>353,413</u>	<u>0</u>	<u>353,413</u>
Net Capital Assets	<u>\$0</u>	<u>\$353,413</u>	<u>\$0</u>	<u>\$353,413</u>

Depreciation expense of \$7,212 was charged to the capital assets – student occupied program.

D. OPERATING LEASES

The School has two operating leases. The first lease is for its facilities and has a term from February 15, 2014 through July 14, 2018. The lease calls for an initial payment of \$35,000 for the first ten months and then for \$7,000 monthly payments with price increases each July 15th thereafter. The lease also contains purchase and renewal options. The second lease is for use of land. It has a term from April 23, 2014 through May 31, 2018 and calls for annual payments of \$1. Total lease payments for the year amounted to \$15,751.

OTHER REPORTS AND SCHEDULES

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Statements Performed in Accordance With *Government Auditing Standards***

Board of Directors

Wood River Waldorf Methods School, Inc. dba Syringa Mountain School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Wood River Waldorf Methods School, Inc. dba Syringa Mountain School (the School), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs, P.C.

Payette, Idaho
September 25, 2014