

**IDAHO VIRTUAL EDUCATION
PARTNERS, INC. LEA NO. 469**

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2011

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Idaho Virtual Education Partners, Inc. LEA No. 469

Title Page

11513 W. Fairview Ave. Suite 103
Boise, Idaho 83713

Board of Directors

David High	President
Lance Fenton	Treasurer
Brent Olmstead	Secretary/Assistant Treasurer
Marilyn LeBeau	Director
Jeni Parker	Director

Administrators

Vickie McCullough	Superintendent
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Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Idaho Virtual Education Partners, Inc. LEA No. 469
Boise, Idaho

We have audited the accompanying financial statements of the governmental activities and the fund information of **Idaho Virtual Education Partners, Inc. LEA No. 469** (the Charter), as of and for the year ended June 30, 2011, which collectively comprise the Charter's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the fund information of **Idaho Virtual Education Partners, Inc. LEA No. 469**, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, on our consideration of **Idaho Virtual Education Partners, Inc. LEA No. 469's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 20 through 24 be presented to supplement the basic financial statements. Such 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, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Charter has omitted management's discussion and analysis 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, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Bailey & Co.

Nampa, Idaho
November 10, 2011

Idaho Virtual Education Partners, Inc. LEA No. 469
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 777,780
Receivables, Net:	
Intergovernmental	270,079
Other	412
Prepaid Items	179,585
Total Assets	<u>1,227,856</u>
 Liabilities	
Accounts Payable	18,456
Salaries and Benefits Payable	36,873
Accrued Expenses	6,799
Related Party Payable	706,249
Contingent Liabilities	220,734
Total Liabilities	<u>989,111</u>
 Net Assets	
Unrestricted (Deficit) Surplus	<u>238,745</u>
Total Net Assets	<u><u>\$ 238,745</u></u>

The accompanying notes are an integral
part of the financial statements.

Idaho Virtual Education Partners, Inc. LEA No. 469
Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:					
Governmental Activities:					
Instruction	\$ 1,262,614	\$ 0	\$ 320,968	\$ 0	\$ (941,646)
Support Services	364,853	0	21,080	0	(343,773)
Total Governmental Activities	\$ 1,627,467	\$ 0	\$ 342,048	\$ 0	(1,285,419)
		General Revenues:			
					1,368,303
					1,036
					3,708
					1,373,047
					87,628
					151,117
					\$ 238,745

The accompanying notes are an integral
part of the financial statements.

Idaho Virtual Education Partners, Inc. LEA No. 469
 Balance Sheet -
 Governmental Funds
 June 30, 2011

	General	Title VI-B	Education Jobs	Charter Grant	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 777,780	\$ 0	\$ 0	\$ 0	\$ 777,780
Receivables, Net:					
Intergovernmental	92,326	21,080	32,577	124,096	270,079
Other	412	0	0	0	412
Interfund	177,753	0	0	0	177,753
Prepaid Items	179,585	0	0	0	179,585
Total Assets	<u>\$ 1,227,856</u>	<u>\$ 21,080</u>	<u>\$ 32,577</u>	<u>\$ 124,096</u>	<u>\$ 1,405,609</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 18,456	\$ 0	\$ 0	\$ 0	\$ 18,456
Salaries and Benefits Payable	36,873	0	0	0	36,873
Interfund Payable	0	21,080	32,577	124,096	177,753
Other Accrued Liabilities	6,799	0	0	0	6,799
Related Party Payable	706,249	0	0	0	706,249
Contingent Liabilities	220,734	0	0	0	220,734
Total Liabilities	<u>989,111</u>	<u>21,080</u>	<u>32,577</u>	<u>124,096</u>	<u>1,166,864</u>
Fund Balances:					
Nonspendable	179,585	0	0	0	179,585
Unassigned	59,160	0	0	0	59,160
Total Fund Balances	<u>238,745</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>238,745</u>
Total Liabilities and Fund Balances	<u>\$ 1,227,856</u>	<u>\$ 21,080</u>	<u>\$ 32,577</u>	<u>\$ 124,096</u>	<u>\$ 1,405,609</u>

The accompanying notes are an integral
 part of the financial statements.

Idaho Virtual Education Partners, Inc. LEA No. 469
Reconciliation of the Balance Sheet of the Governmental
Funds to the Statement of Net Assets
June 30, 2011

Total Fund Balances - Governmental Funds \$ 238,745

Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:

There are no differences to report between the government-wide and the fund financial statements.

0

Total Net Assets-Governmental Activities

\$ 238,745

The accompanying notes are an integral
part of the financial statements.

Idaho Virtual Education Partners, Inc. LEA No. 469
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2011

	General	Title VI-B	Education Jobs	Charter Grant	Total Governmental Funds
Revenues					
State	\$ 1,368,303	\$ 0	\$ 0	\$ 0	\$ 1,368,303
Federal	76,306	21,080	32,577	212,085	342,048
Earnings on Investments	1,036	0	0	0	1,036
Other	3,708	0	0	0	3,708
Total Revenues	<u>1,449,353</u>	<u>21,080</u>	<u>32,577</u>	<u>212,085</u>	<u>1,715,095</u>
Expenditures					
Current:					
Instruction	1,030,988	0	32,577	39,185	1,102,750
Support Services	328,862	21,080	0	14,911	364,853
Capital Outlay	1,875	0	0	157,989	159,864
Total Expenditures	<u>1,361,725</u>	<u>21,080</u>	<u>32,577</u>	<u>212,085</u>	<u>1,627,467</u>
Net Change in Fund Balances	87,628	0	0	0	87,628
Fund Balances - Beginning	151,117	0	0	0	151,117
Fund Balances - Ending	<u>\$ 238,745</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 238,745</u>

The accompanying notes are an integral
part of the financial statements.

Idaho Virtual Education Partners, Inc. LEA No. 469
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Total Net Change in Fund Balance - Governmental Funds	\$ 87,628
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
There are no differences to report between the government-wide and the fund financial statements.	<u>0</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 87,628</u></u>

The accompanying notes are an integral
part of the financial statements.

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of **Idaho Virtual Education Partners, Inc. LEA No. 469** (the Charter). The Charter receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the Charter is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are volunteers and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the Charter's reporting entity does not contain any component units.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the financial activities of the Charter. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Charter's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses - expenses of the general government related to the administration and support of the Charter's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the Charter's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds would be aggregated and reported as nonmajor funds.

The Charter reports the following major governmental funds:

- *General fund.* This is the Charter's primary operating fund. It accounts for all financial resources of the Charter, except those required to be accounted for in another fund.
- *Title VI-B fund.* This fund accounts for financial resources to be used for providing special education to school age children.
- *Education Jobs fund.* This fund accounts for financial resources to be used for retaining existing employees, to rehire new employees, and/or hire new employees in order to provide early childhood, elementary, or secondary educational and related services.
- *Charter Grant fund.* This fund accounts for financial resources to be used for the planning, development, implementation, and dissemination of information on charter schools.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Charter considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Reporting and Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Assets and in the governmental fund Balance Sheet.

The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable*. Balances, for example, in permanent funds, prepaid expenditures, and inventories that are permanently precluded from conversion to cash.
- *Unassigned*. Balances available for any purpose.

The remaining fund balance classifications (restricted, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Directors, the Charter's highest level of decision making authority, through a formal action. The Board of Directors would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the Charter funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets/fund balance available to finance the program. When both restricted and unrestricted resources are available for use, it is the Charter's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the Charter's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Charter considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

All special revenue funds are restricted by either the federal government or the State of Idaho and must be spent according to the stipulations of the corresponding federal or state program.

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets and Liabilities

Cash Equivalents

A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade and other receivables are shown net of an allowance for uncollectibles.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 5,000	Straight-line	20-50 years
Equipment	\$ 5,000	Straight-line	3-10 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The Charter has no capital assets to report.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of June 30, 2011, the carrying amount of the Charter's deposits was \$777,780 and the respective bank balances totaled \$881,038. The total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the Charter.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2011, all of the Charter's deposits were covered by the federal depository insurance or by collateral held by the Charter's agent or pledging financial institution's trust department or agent in the name of the Charter, and thus were not exposed to custodial credit risk. The Charter does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Charter does not have a formal policy limiting its exposure to custodial credit risk.

Interest Rate Risk

The Charter does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Financial Statements
For the Year Ended June 30, 2011

2. CASH DEPOSITS AND INVESTMENTS (continued)

Investments

The Charter follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Charter to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The Charter had no investments as of June 30, 2011.

At year-end, cash was reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and Cash Equivalents	<u>\$ 777,780</u>

3. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments consist of \$92,326, as a reimbursement from the State of Idaho for school support; \$21,080, \$32,577, and \$124,096 from the federal government, passed-through the State of Idaho for reimbursement of Title VI-B expenditures, education job expenditures, and charter grant expenditures, respectively.

4. PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date.

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Financial Statements
For the Year Ended June 30, 2011

4. PENSION PLAN (continued)

Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the Charter and its employees are established and may be amended by the PERSI Board of Directors. For the year ended June 30, 2011, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The Charter employer contributions required and paid were \$30,389 and \$20,870 for the two years ended June 30, 2011 and 2010, respectively.

5. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter expects such amounts, if any, to be immaterial. Other contingencies are amounts the Charter believes the State of Idaho miscalculated in determining foundation support for the Charter and the State may request a refund in 2012. The Charter has estimated this amount to be \$220,734.

6. RISK MANAGEMENT

The Charter is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Financial Statements
For the Year Ended June 30, 2011

7. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2011, consist of the following:

\$ 21,080	Due to the General fund from the Title VI-B fund representing short-term loans to cover expenditures until the corresponding reimbursement revenue is received.
32,577	Due to the General fund from the Education Jobs fund representing short-term loans to cover expenditures until the corresponding reimbursement revenue is received.
<u>124,096</u>	Due to the General fund from the Charter Grant fund representing short-term loans to cover expenditures until the corresponding reimbursement revenue is received.
<u>\$177,753</u>	

8. LEASE COMMITMENTS

The Charter leases office space in Boise, Idaho. The lease period is for three years, ending June 30, 2014. Payments are due monthly and are based off of the square footage of the office. The price per square foot increases on a graduated scale after the first 22 months of the lease. Rent expenditures for the year ended June 30, 2011, were \$19,314. Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2012	\$ 38,124
2013	39,268
2014	<u>40,507</u>
	<u>\$ 117,899</u>

9. CONCENTRATIONS

The Charter contracted with a Florida based company, Kaplan Virtual Education through June 30, 2011, to provide all necessary instructional materials and technology infrastructure, student success metrics, attendance monitoring services, student data management and teacher training. The amount paid to or on behalf of Kaplan Virtual Education during the year ended June 30, 2011, was \$243,660. The amount owed to them as of June 30, 2011 is \$706,249. Amounts paid and accrued to this company accounted for 55% of all expenditures of the Charter for the year ended June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

Idaho Virtual Education Partners, Inc. LEA No. 469
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
State	\$ 1,493,634	\$ 1,493,634	\$ 1,368,303	\$ (125,331)
Federal	0	0	76,306	76,306
Earnings on Investments	1,250	1,250	1,036	(214)
Other	0	0	3,708	3,708
Total Revenues	<u>1,494,884</u>	<u>1,494,884</u>	<u>1,449,353</u>	<u>(45,531)</u>
Expenditures				
Current:				
Instruction	1,211,784	1,211,784	1,030,988	180,796
Support Services	283,100	283,100	328,862	(45,762)
Capital Outlay	0	0	1,875	(1,875)
Total Expenditures	<u>1,494,884</u>	<u>1,494,884</u>	<u>1,361,725</u>	<u>133,159</u>
Net Change in Fund Balances	0	0	87,628	87,628
Fund Balance - Beginning	0	0	151,117	151,117
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 238,745</u>	<u>\$ 238,745</u>

Idaho Virtual Education Partners, Inc. LEA No. 469
 Budgetary (GAAP Basis) Comparison Schedule
 Title VI-B
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal	\$ 12,000	\$ 12,000	\$ 21,080	\$ 9,080
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>21,080</u>	<u>9,080</u>
Expenditures				
Current:				
Support Services	12,000	12,000	21,080	(9,080)
Total Expenditures	<u>12,000</u>	<u>12,000</u>	<u>21,080</u>	<u>(9,080)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Ending	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Idaho Virtual Education Partners, Inc. LEA No. 469
 Budgetary (GAAP Basis) Comparison Schedule
 Education Jobs
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal	\$ 0	\$ 0	\$ 32,577	\$ 32,577
Total Revenues	<u>0</u>	<u>0</u>	<u>32,577</u>	<u>32,577</u>
Expenditures				
Current:				
Instruction	<u>0</u>	<u>0</u>	<u>32,577</u>	<u>(32,577)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>32,577</u>	<u>(32,577)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Ending	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Idaho Virtual Education Partners, Inc. LEA No. 469
 Budgetary (GAAP Basis) Comparison Schedule
 Charter Grant
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal	\$ 125,000	\$ 125,000	\$ 212,085	\$ 87,085
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>212,085</u>	<u>87,085</u>
Expenditures				
Current:				
Instruction	59,319	59,319	39,185	20,134
Support Services	0	0	14,911	(14,911)
Capital Outlay	<u>65,681</u>	<u>65,681</u>	<u>157,989</u>	<u>(92,308)</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>212,085</u>	<u>(87,085)</u>
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Ending	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Idaho Virtual Education Partners, Inc. LEA No. 469
Notes to Required Supplementary Information
For the Year Ended June 30, 2011

1. BUDGETS AND BUDGETARY ACCOUNTING

The Charter follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 1, the Superintendent/Executive Director and Board of Directors prepare a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to July 1, the budget is legally enacted through passage at a board meeting.
- D. Formal budgetary integration is employed as a management control device during the year for all the funds.
- E. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds reported expenditures in excess of appropriations:

Title VI-B	\$ 9,080
Education Jobs	\$ 32,577
Charter Grant	\$ 87,085

FEDERAL REPORT



Certified Public Accountants

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

Board of Directors
Idaho Virtual Education Partners, Inc. LEA No. 469
Boise, Idaho

We have audited the financial statements of the governmental activities and the fund information of **Idaho Virtual Education Partners, Inc. LEA No. 469** (the Charter) as of and for the year ended June 30, 2011, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated November 10, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Idaho Virtual Education Partners, Inc. LEA No. 469's** internal control over financial reporting as a basis for designing our auditing procedures 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 Charter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter's internal control over financial reporting.

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 a 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.

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Idaho Virtual Education Partners, Inc. LEA No. 469'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described below.

2011-1: Budget Adoption

Idaho Code and the State Superintendent of Public Instruction places the responsibility on management for the preparation of an annual budget for each of the major funds. The Charter did not have a budget adopted for the year ending June 30, 2011, for the Education Jobs fund. The lack of a budget could create an incentive to miscode expenditures. The Charter should look at the cost/benefit of establishing a budget for future years and when a new fund is established that may be considered major, they should amend their budget.

The Charter's response to the findings identified in our audit is described in the accompanying management's response to findings. We did not audit the Charter's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bailey & Co.

Nampa, Idaho
November 10, 2011

Idaho Virtual Education Partners, Inc. LEA No. 469
Management's Response to Findings
For the Year Ended June 30, 2011

2011-1: Budget Adoption

Recommendation: It is suggested the Charter follow Idaho Code and the format prescribed by the State Superintendent of Public Instruction related to budgets, including amending budgets if necessary.

Planned Action: The Charter will create a budget for all major funds.

If there are any questions regarding this plan, please contact the Charter at (208) 781-0647.