SAGE INTERNATIONAL SCHOOL OF BOISE

FINANCIAL STATEMENTS

Year Ended June 30, 2011

SAGE INTERNATIONAL SCHOOL OF BOISE
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FINANCIAL SECTION

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Independent Auditor's Report

Board of Directors
Sage International School of Boise

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sage International School of Boise (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion 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, each major fund, and the aggregate remaining fund information of the School 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 July 21, 2011 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* 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 information listed as required supplemental information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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. 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.

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements as a whole. The accompanying combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Folke CPAs, P.C.

July 21, 2011

BASIC FINANCIAL STATEMENTS

SAGE INTERNATIONAL SCHOOL OF BOISE

Statement of Net Assets

June 30, 2011

	Governmental Activities
Assets	
Current Assets	
Cash	$119,334
Receivables:	
Local Sources	0
State Sources	58,198
Federal Sources	66,204
Prepaid Expenses	5,000
Total Current Assets	248,736
Noncurrent Assets	
Nondepreciable Capital Assets	0
Depreciable Net Capital Assets	0
Total Noncurrent Assets	0
Total Assets	$248,736
Liabilities	
Current Liabilities	
Accounts Payable	$4,495
Deferred Revenue	39,143
Total Current Liabilities	43,638
Total Liabilities	43,638
Net Assets	
Invested in Capital Assets	0
Restricted:	
Special Programs	104,750
Unrestricted	100,348
Total Net Assets	205,098
Total Liabilities and Net Assets	$248,736

SAGE INTERNATIONAL SCHOOL OF BOISE

Statement of Activities

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants And Contributions	Net (Expense) Revenue And Changes in Net Assets: Governmental Activities
Governmental Activities					
Instructional Programs					
Elementary School	$440,395	$64,201	$49,904		($326,290)
Secondary School	91,286		5,635		(85,651)
Exceptional Child	38,646				(38,646)
School Activity	9,982	9,982			0
Support Service Programs					
Special Services	38,081		22,128		(15,953)
Instructional Improvement	80,226		75,049		(5,177)
District Administration	120,517		30,301		(90,216)
School Administration	35,580				(35,580)
Business Operation	53,808		4,499		(49,309)
Administrative Technology	19,680		10,030		(9,650)
Buildings - Care	104,409	1,667			(102,742)
Maintenance - Student Occupied	1,034				(1,034)
Maintenance - Grounds	0		908		908
Security	829				(829)
Non-Instructional Programs					
Capital Assets - Student Occupied	0				0
Capital Assets - Non-Student Occupied	208,730		221,381		12,651
Debt Service - Principal	0				0
Debt Service - Interest	0				0
Total	$1,243,203	$75,850	$419,835	$0	(747,518)
	General Revenues				
	Local Revenue				7,228
	State Revenue				853,722
	Federal Revenue				0
	Total				860,950
	Change in Net Assets				113,432
	Net Assets - Beginning				91,666
	Net Assets - Ending				$205,098

SAGE INTERNATIONAL SCHOOL OF BOISE

Balance Sheet - Governmental Funds

June 30, 2011

	General Fund	Albertsons Fund	Charter School Grant Fund	Other Governmental Funds
Assets				
Cash	$19,584	$99,750		$0
Receivables:				
Local Sources				0
State Sources	58,198			0
Federal Sources			$64,963	1,241
Prepaid Expenses		5,000		0
Due From Other Funds	22,566			0
Total Assets	$100,348	$104,750	$64,963	$1,241
Liabilities				
Accounts Payable			$4,495	$0
Due To Other Funds			22,566	0
Deferred Revenue			37,902	1,241
Total Liabilities	$0	$0	$64,963	1,241
Fund Balances				
Restricted:				
Special Programs		104,750	0	0
Unassigned	100,348			0
Total Fund Balances	100,348	104,750	0	0
Total Liabilities and Fund Balances	$100,348	$104,750	$64,963	$1,241

SAGE INTERNATIONAL SCHOOL OF BOISE

Balance Sheet - Governmental Funds

June 30, 2011

	Total Governmental Funds
Assets	
Cash	$119,334
Receivables:	
Local Sources	0
State Sources	58,198
Federal Sources	66,204
Prepaid Expenses	5,000
Due From Other Funds	22,566
Total Assets	$271,302
Liabilities	
Accounts Payable	$4,495
Due To Other Funds	22,566
Deferred Revenue	39,143
Total Liabilities	66,204
Fund Balances	
Restricted:	
Special Programs	104,750
Unassigned	100,348
Total Fund Balances	205,098
Total Liabilities and Fund Balances	$271,302

SAGE INTERNATIONAL SCHOOL OF BOISE
Balance Sheet - Governmental Funds
June 30, 2011

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

Total Governmental Fund Balances	$205,098
Amounts reported for governmental activities in the statement of net assets are different because:	
There were no reconciling differences for the year.	
Net Assets of Governmental Activities	$205,098

SAGE INTERNATIONAL SCHOOL OF BOISE

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

	General Fund	Albertsons Fund	Charter School Grant Fund	Other Governmental Funds
Revenues				
Local Revenue	$83,078	$100,000		$0
State Revenue	853,722			0
Federal Revenue			$289,471	30,364
Total Revenues	936,800	100,000	289,471	30,364
Expenditures				
Instructional Programs				
Elementary School	390,491		49,904	0
Secondary School	85,651		5,635	0
Exceptional Child	38,646			0
School Activity	9,982			0
Support Service Programs				
Special Services	15,953			22,128
Instructional Improvement	5,177		66,813	8,236
District Administration	90,216		30,301	0
School Administration	35,580			0
Business Operation	49,309		4,499	0
Administrative Technology	9,650		10,030	0
Buildings - Care	104,409			0
Maintenance - Student Occupied	126	908		0
Maintenance - Grounds				0
Security	829			0
Non-Instructional Programs				
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied	433	86,008	122,289	0
Debt Service - Principal				0
Debt Service - Interest				0
Total Expenditures	836,452	86,916	289,471	30,364
Excess (Deficiency) of Revenues Over Expenditures	100,348	13,084	0	0
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	100,348	13,084	0	0
Fund Balances - Beginning	0	91,666	0	0
Fund Balances - Ending	$100,348	$104,750	$0	$0

SAGE INTERNATIONAL SCHOOL OF BOISE

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

	Total Governmental Funds
Revenues	
Local Revenue	$183,078
State Revenue	853,722
Federal Revenue	319,835
Total Revenues	1,356,635
Expenditures	
Instructional Programs	
Elementary School	440,395
Secondary School	91,286
Exceptional Child	38,646
School Activity	9,982
Support Service Programs	
Special Services	38,081
Instructional Improvement	80,226
District Administration	120,517
School Administration	35,580
Business Operation	53,808
Administrative Technology	19,680
Buildings - Care	104,409
Maintenance - Student Occupied	1,034
Maintenance - Grounds	0
Security	829
Non-Instructional Programs	
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	208,730
Debt Service - Principal	0
Debt Service - Interest	0
Total Expenditures	1,243,203
Excess (Deficiency) of Revenues Over Expenditures	113,432
Other Financing Sources (Uses)	
Transfers In	0
Transfers Out	0
Total Other Financing Sources (Uses)	0
Net Change in Fund Balances	113,432
Fund Balances - Beginning	91,666
Fund Balances - Ending	$205,098

SAGE INTERNATIONAL SCHOOL OF BOISE
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2011

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	$113,432
Amounts reported for governmental activities in the statement of activities are different because:	
There were no reconciling differences for the year.	
Change in Net Assets of Governmental Activities	$113,432

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Sage International School of Boise (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 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental nonprofit organizations. The significant accounting policies of the School are described 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 assets, 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 School's net assets may be reported in three parts - invested in capital assets, net of related debt (when related debt exists), restricted net assets, and unrestricted net assets. The School first utilizes restricted resources to finance qualifying activities.

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.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net assets 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, liabilities, reserves, 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, liabilities, revenues, and expenditures/expenses of the funds) for the determination of major funds. Major governmental funds of the School include:

General Fund – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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 general operations, and the charter school grant fund, used to account for initial operations.

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 financial statements are presented on the accrual basis of accounting and are required to follow both governmental accounting standards board pronouncements and financial accounting standards board pronouncements issued through November 30, 1989. 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.

The School may report deferred revenue on its financial statements. For the fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized. For both the government-wide

and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are reported as deferred revenue.

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 are reported net of any estimated uncollectible amounts.

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. Depreciation over the estimated useful lives of depreciable assets is recorded using the straight line method.

Compensated Absences and Post-Retirement Benefits – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. Government accounting standards board statement 45 requires employers to accrue future estimated post-retirement benefits on the employer's government-wide financial statements when such benefits are deemed material to the employer. The future estimated post-retirement benefits are deemed immaterial to the School, and accordingly, are not reflected on the government-wide financial statements.

Net Assets – Net assets is the difference between assets and liabilities. Net assets invested in capital assets - net of related debt, are capital assets net of accumulated depreciation and reduced by any outstanding debt related to the financing of those assets. Restricted net assets are net assets less related debt that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net assets are 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 are not expected to be converted into cash. 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. Assigned fund balance classifications are not actively used by the entity. 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.

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.

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 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	$119,334
Total	$119,334

Deposits – At year end, the carrying amounts of the School's deposits were $119,334 and the bank balances were $171,283. Of the bank balances, $171,283 was insured, and the remainder 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.

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds
State Sources		
Foundation Program	$15,197	
Special Programs	43,001	
Total	$58,198	
Federal Sources		
Special Programs		$66,204
Total		$66,204

D. DEFERRED REVENUE

Deferred revenue consists of the following at year end:

Description	Fund Financial Statements	Government Wide Financial Statements
Grant Advances	$39,143	39,143
Total	$39,143	$39,143

E. 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	0	$0	$0	0
Depreciable Capital Assets				
Buildings				0
Equipment				0
Subtotal	0	0	0	0
Accumulated Depreciation				
Buildings				0
Equipment				0
Subtotal	0	0	0	0
Total	0	0	0	0
Net Capital Assets	$0	$0	$0	$0

Depreciation expense, when recorded, is charged to the capital assets – student occupied program.

F. OPERATING LEASE

The School has an operating lease for its premises. The lease term is from August 1, 2010 through July 31, 2015, and is non-cancelable. The lease calls for graduated monthly payments and total lease payments for the year amounted to $93,520.

Future minimum lease payments are estimated as follows:

Year Ended	
6/30/12	$107,242
6/30/13	139,637
6/30/14	145,223
6/30/15	148,016
Total	$540,118

G. RETIREMENT 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 5 years of credited service, members become fully vested in retirement benefits earned to date. 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 standalone 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 School and its employees are established and may be amended by the PERSI Board of Trustees. 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 School's employer contributions required and paid were $58,258, $0, and $0, for the three years ended June 30, 2011, 2010, and 2009 respectively.

H. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund	
	Charter School Grant Fund	**Total**
Due To Fund		
General	$22,566	$22,566
Total	$22,566	$22,566

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

There were no interfund transfers during the year.

REQUIRED SUPPLEMENTAL INFORMATION

SAGE INTERNATIONAL SCHOOL OF BOISE

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2011

General Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)
Revenues				
Local Revenue	$155,440	$155,440	$83,078	($72,362)
State Revenue	778,040	774,415	853,722	79,307
Federal Revenue			0	0
Total Revenues	933,480	929,855	936,800	6,945
Expenditures				
Instructional Programs				
Elementary School	439,814	394,066	390,491	3,575
Secondary School	35,075	99,220	85,651	13,569
Exceptional Child			38,646	(38,646)
School Activity			9,982	(9,982)
Support Service Programs				
Special Services			15,953	(15,953)
Instructional Improvement			5,177	(5,177)
District Administration	89,348	81,654	90,216	(8,562)
School Administration	31,875	39,276	35,580	3,696
Business Operation	51,281	54,941	49,309	5,632
Administrative Technology	20,000	10,680	9,650	1,030
Buildings - Care	95,016	92,414	104,409	(11,995)
Maintenance - Student Occupied			126	(126)
Maintenance - Grounds		2,700	0	2,700
Security		420	829	(409)
Non-Instructional Programs				
Capital Assets - Student Occupied			0	0
Capital Assets - Non-Student Occupied			433	(433)
Debt Service - Principal			0	0
Debt Service - Interest			0	0
Total Expenditures	762,409	775,371	836,452	(61,081) *
Excess (Deficiency) of Revenues Over Expenditures	171,071	154,484	100,348	(54,136)
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	171,071	154,484	100,348	(54,136)
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	$171,071	$154,484	$100,348	($54,136)

**Total expenditures (over) under appropriations.*

SAGE INTERNATIONAL SCHOOL OF BOISE

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2011

Albertsons Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)
Revenues				
Local Revenue			$100,000	$100,000
State Revenue			0	0
Federal Revenue			0	0
Total Revenues	$0	$0	100,000	100,000
Expenditures				
Instructional Programs				
Elementary School			0	0
Secondary School			0	0
Exceptional Child			0	0
School Activity			0	0
Support Service Programs				
Special Services			0	0
Instructional Improvement			0	0
District Administration			0	0
School Administration			0	0
Business Operation			0	0
Administrative Technology	10,000	10,000	0	10,000
Buildings - Care			0	0
Maintenance - Student Occupied			908	(908)
Maintenance - Grounds			0	0
Security			0	0
Non-Instructional Programs				
Capital Assets - Student Occupied			0	0
Capital Assets - Non-Student Occupied	90,000	90,000	86,008	3,992
Debt Service - Principal			0	0
Debt Service - Interest			0	0
Total Expenditures	100,000	100,000	86,916	13,084 *
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(100,000)	13,084	113,084
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(100,000)	(100,000)	13,084	113,084
Fund Balances - Beginning	100,000	100,000	91,666	(8,334)
Fund Balances - Ending	$0	$0	$104,750	$104,750

**Total expenditures (over) under appropriations.*

SAGE INTERNATIONAL SCHOOL OF BOISE

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2011

Charter School Grant Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)
Revenues				
Local Revenue			$0	$0
State Revenue			0	0
Federal Revenue	$233,000	$233,000	289,471	56,471
Total Revenues	233,000	233,000	289,471	56,471
Expenditures				
Instructional Programs				
Elementary School	36,520	29,500	49,904	(20,404)
Secondary School			5,635	(5,635)
Exceptional Child			0	0
School Activity			0	0
Support Service Programs				
Special Services			0	0
Instructional Improvement	17,910	56,560	66,813	(10,253)
District Administration	6,000	23,735	30,301	(6,566)
School Administration	16,700	18,772	0	18,772
Business Operation	4,800		4,499	(4,499)
Administrative Technology	10,000	12,500	10,030	2,470
Buildings - Care	2,500		0	0
Maintenance - Student Occupied			0	0
Maintenance - Grounds			0	0
Security			0	0
Non-Instructional Programs				
Capital Assets - Student Occupied			0	0
Capital Assets - Non-Student Occupied	138,570	91,933	122,289	(30,356)
Debt Service - Principal			0	0
Debt Service - Interest			0	0
Total Expenditures	233,000	233,000	289,471	(56,471) *
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	$0	$0	$0	$0

**Total expenditures (over) under appropriations.*

SUPPLEMENTARY INFORMATION

SAGE INTERNATIONAL SCHOOL OF BOISE

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2011

	Special Revenue Funds		
	Special Educ. IDEA Part B	**Title II-A Improving Teacher Quality**	**Total**
Assets			
Cash			$0
Receivables:			
Local Sources			0
State Sources			0
Federal Sources	$1,241		1,241
Due From Other Funds			0
Total Assets	$1,241	$0	$1,241
Liabilities			
Accounts Payable			$0
Due To Other Funds			0
Deferred Revenue	$1,241		1,241
Total Liabilities	1,241	$0	1,241
Fund Balances			
Restricted:			
Special Programs	0	0	0
Unassigned			0
Total Fund Balances	0	0	0
Total Liabilities and Fund Balances	$1,241	$0	$1,241

SAGE INTERNATIONAL SCHOOL OF BOISE

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue Funds		
	Special Educ. IDEA Part B	**Title II-A Improving Teacher Quality**	**Total**
Revenues			
Local Revenue			$0
State Revenue			0
Federal Revenue	$22,128	$8,236	30,364
Total Revenues	22,128	8,236	30,364
Expenditures			
Instructional Programs			
Elementary School			0
Secondary School			0
Exceptional Child			0
School Activity			0
Support Service Programs			
Special Services	22,128		22,128
Instructional Improvement		8,236	8,236
District Administration			0
School Administration			0
Business Operation			0
Administrative Technology			0
Buildings - Care			0
Maintenance - Student Occupied			0
Maintenance - Grounds			0
Security			0
Non-Instructional Programs			
Capital Assets - Student Occupied			0
Capital Assets - Non-Student Occupied			0
Debt Service - Principal			0
Debt Service - Interest			0
Total Expenditures	22,128	8,236	30,364
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	0	0	0
Fund Balances - Beginning	0	0	0
Fund Balances - Ending	$0	$0	$0

OTHER REPORTS AND SCHEDULES

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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
Sage International School of Boise

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sage International School of Boise (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 21, 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 the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School'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 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as B-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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*.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, those charged with governance, others within the entity, 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.

Folke CPAs, P.C.

July 21, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the School.

2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*. The deficiency is not reported as a material weakness.

3. No instances of noncompliance material to the financial statements of the School were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiency

1. ***Segregation of Duties***

Condition – Although the School has implemented various checks and balances in internal control to the degree possible given available staff, it does not have a complete segregation of duties over assets.

Criteria – Inherent in an ideal internal control structure is a complete segregation of duties over assets.

Cause – This situation is due to staffing limitations common to an entity this size.

Effect – The lack of a complete segregation of duties may increase the risk that a loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation and Response – It is requested that the School take note that this situation exists. Management has taken steps to improve in this area insofar as is possible with an entity this size. However, substantial changes cannot be expected until the benefits are deemed to outweigh the costs of hiring additional staff.