

I CAN DO ANYTHING CHARTER HIGH SCHOOL

FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTARY INFORMATION  
AND OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2017

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
JUNE 30, 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
I Can Do Anything Charter High School

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of I Can Do Anything Charter High School as of and for the year ended June 30, 2017, 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

I Can Do Anything Charter High School's 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.

### Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 I Can Do Anything Charter High School as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension information on pages 3 through 6, 24 through 25 and 26 through 27 be presented to supplement the basic financial statements. Such information, although not 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the I Can Do Anything Charter High School's basic financial statements. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by the Nevada Department of Education, and is not a required part of the basic financial statements.

The schedule of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole. This schedule has not been audited in accordance with requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

*Barnard, Vogles + Co.*

Reno, Nevada  
October 18, 2017

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2017

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As management of I Can Do Anything Charter High School (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2017. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the School as a whole and present a longer-term view of the School's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the School's operations in more detail than the government-wide statements.

### **FINANCIAL HIGHLIGHTS**

The net position of the School decreased by (\$50,749) in 2017 from a net position of (\$1,781,168). This decrease was due to activity in the Governmental Funds Statement, depreciation and the pension liability increasing.

Total revenue increased from 2016 to 2017 by \$22,693 or 2%. This was a result from an increase in DSA and a Turn Around Grant SB 515. While the School experienced a decrease in enrollment from 210 students in 2016 to 203 students in 2017, there was an increase in funding as the School was funded using the State's "hold harmless declining enrollment" formula based on 2016 enrollment figures.

### **USING THIS ANNUAL REPORT**

This annual report consists of financial statements for the School as a whole with more detailed information for certain School funds. The statement of Net Position and the Statement of Activities provide information about the activities of the School as a whole and present a long-term view of the School's finances (they include capital assets and long-term liabilities).

Fund financial statements present a short-term view of the School's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future). They present detailed information about the School's general and special revenue funds.

### **THE SCHOOL AS A WHOLE**

One important question asked about the School's finances is, "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, etc. to assess the overall health of the School.

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2017

The School's net position was as follows:

Current assets	\$ 214,993	\$ 220,483	\$ ( 5,490)	( 3)%
Capital assets, net	<u>129,371</u>	<u>154,075</u>	<u>( 24,704)</u>	(16)%
Total assets	<u>344,364</u>	<u>374,558</u>	<u>( 30,194)</u>	( 8)%
Deferred outflows of resources	336,389	189,065	147,324	78 %
Current liabilities	90,409	77,169	13,240	17 %
Noncurrent liabilities	<u>1,912,737</u>	<u>1,742,080</u>	<u>170,657</u>	10 %
Total liabilities	<u>2,003,146</u>	<u>1,819,249</u>	<u>183,897</u>	10 %
Deferred inflows of resources	509,524	525,542	( 16,018)	( 3)%
Net position	<u>\$(1,831,917)</u>	<u>\$(1,781,168)</u>	<u>\$( 50,749)</u>	( 3)%
Net position consists of:				
Net Investment in capital assets	\$ 129,371	\$ 154,075	\$ ( 24,704)	(16)%
Unrestricted net assets	<u>(1,961,288)</u>	<u>(1,935,243)</u>	<u>( 26,045)</u>	( 1)%
Net position	<u>\$(1,831,917)</u>	<u>\$(1,781,168)</u>	<u>\$( 50,749)</u>	( 3)%

There was a decrease in unrestricted net assets by (\$26,045), (1)%. Net investment in capital assets decreased by (\$24,704), (16)%.

The School's revenues in the fund financial statements were as follows:

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Percentage</u>
Program Revenue:				
Federal grants:				
Turn Around Grant SB 515	\$ 34,873	\$ --	\$ 34,873	100 %
Special Education	<u>42,264</u>	<u>53,482</u>	<u>(11,218)</u>	( 21)%
	77,137	53,482	23,655	44 %
Other revenue:				
Grant- CTE	3,645	6,329	( 2,684)	( 42)%
Teacher Supply Reimbursement Grant	--	1,335	( 1,335)	(100)%
Charges for services	<u>9,075</u>	<u>12,065</u>	<u>( 2,990)</u>	( 25)%
Total other revenue	12,720	19,729	( 7,009)	( 36)%
General Revenue:				
Distributive School Account (DSA)	1,505,947	1,499,725	6,222	0 %
Investment	209	330	( 121)	( 37)%
Other	<u>186</u>	<u>240</u>	<u>( 54)</u>	( 23)%
Total general revenue	<u>1,506,342</u>	<u>1,500,295</u>	<u>6,047</u>	0 %
Total revenue	<u>\$ 1,596,199</u>	<u>\$ 1,573,506</u>	<u>\$ 22,693</u>	2%

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2017

Overall, revenue increased for the School in 2017 by \$22,693, 2%. The Distributive School Account increased by \$6,222, 0%. While there was a net increase in this funding, there was a decrease in the number of students enrolled in the school from 210 in 2016 to 203 in 2017 and an increase in State funding by \$276 per pupil from \$7,142 in 2016 to \$7,418 in 2017. In 2017 the school was funded at 210 students based on the "declining enrollment" Hold Harmless State formula.

The School's expenses in the statement of activities were as follows:

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Percentage</u>
Program expenses:				
Regular	\$ 924,240	\$ 935,209	\$( 10,969)	( 1)%
Food services	11,140	19,814	( 8,674)	(44)%
Student support	75,685	82,149	( 6,464)	( 8)%
School administration	121,425	208,397	( 86,972)	(42)%
Central services	65,558	71,769	( 6,211)	( 9)%
Operations and maintenance	444,454	479,757	( 35,303)	( 7)%
Student transportation	<u>4,446</u>	<u>5,984</u>	<u>( 1,538)</u>	(26)%
 Total expenses	 <u>\$ 1,646,948</u>	 <u>\$ 1,803,079</u>	 <u>\$(156,131)</u>	 ( 9)%

Expenses between 2017 and 2016 decreased by (\$156,131), (9)%. All programs decreased due to a decrease in salaries and benefits that involved a natural reduction of total number of employees. School Administration expenditures decreased as a result of change in pay rate for new leadership personnel.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant of the School's funds; the School is required to provide detailed information for its "major" funds.

Major funds are defined as the general fund and other funds where the assets, liabilities, revenues, or expenditures exceed 10% of total governmental fund amounts. The special revenue funds do not meet this requirement, but these funds are considered an important aspect of the School and therefore, are considered major funds.

The governmental funds provide a short-term view of the School's operations. They are reported using an accounting method called modified accrual accounting which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

The variations between the budget and actual revenue and expenditures are provided in the supplemental section.

## CAPITAL ASSET AND DEBT ADMINISTRATION

Over the last two years the School has focused on Career and College Readiness and CTE development. During the planning stages the School spent less on capital assets in favor of best practices research. The school also increased IT Assessment (Mandatory) supports.

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2017

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## **THE FUTURE OF THE SCHOOL**

As the school adjusts and responds to changes in the national school choice climate, the faculty and staff continue to identify and meet the needs of the community. Recognition of those changes, assessment protocol, and changing technologies in the community has provided a research backdrop and the development of additional student programs. The School has increased business related programs such as field experience, Microsoft Academy, Drone Aviation, 3D technologies, and Imagine Academy. Through the development of these programs and Science based technologies (future capital assets), students will become an integrated part of community development. The School also continues to support Distance Education Learning (Online Learning) technologies with a multi-provider (software) platform broadening the selection and academic possibilities for online Distance Education and Satellite Campus learners. These technologies are also integrated into multi server Assessment platforms and faculty Professional Development. The School believes that there continues to be a need for a school for at-risk students in the Reno community and that the School will continue to meet this need.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the School's finances for all those with interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School at 1195 Corporate Boulevard, Suite A, Reno, Nevada 89502, telephone number (775) 857-1544.

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
STATEMENT OF NET POSITION  
JUNE 30, 2017

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ASSETS

Current assets

Cash	\$ 122,096
Accounts receivable	1,398
Due from other governments	50,999
Deposits	30,000
Prepaid expenses	10,500
Total current assets	<u>214,993</u>

Capital assets

Leasehold improvements	231,898
Equipment	222,651
Less accumulated depreciation	<u>(325,178)</u>
Capital assets, net	<u>129,371</u>

Total assets	<u>344,364</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension deferrals	<u>336,389</u>
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LIABILITIES

Current liabilities

Accounts payable	11,329
Accrued payroll and benefits	51,144
Retirement contribution payable	<u>27,936</u>
Total current liabilities	90,409

Noncurrent liabilities

Net pension liability	<u>1,912,737</u>
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Total liabilities	2,003,146
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DEFERRED INFLOWS OF RESOURCES

Pension deferrals	<u>509,524</u>
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NET POSITION

Net investment in capital assets	129,371
Unrestricted	<u>(1,961,288)</u>
Total net position	<u><u>\$ (1,831,917)</u></u>

See accompanying notes

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

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Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular programs	\$ 924,240	\$ 8,781	\$ 81,076	\$ (834,383)
Food programs	11,140	186	-	(10,954)
Support services				
Students	75,685	-	-	(75,685)
School administration	121,425	-	-	(121,425)
Central services	65,558	-	-	(65,558)
Operation and maintenance of plant services	444,454	-	-	(444,454)
Student transportation	4,446	-	-	(4,446)
Totals	<u>\$ 1,646,948</u>	<u>\$ 8,967</u>	<u>\$ 81,076</u>	<u>(1,556,905)</u>
GENERAL REVENUE				
Distributive school account				1,505,947
Investment earnings				209
Total general revenue				<u>1,506,156</u>
CHANGE IN NET POSITION				<u>(50,749)</u>
NET POSITION, beginning of year				<u>(1,781,168)</u>
NET POSITION, end of year				<u>\$ (1,831,917)</u>

See accompanying notes

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

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	General Fund	School Grants Fund	Total
<b>ASSETS</b>			
Cash	\$ 122,096	\$ -	\$ 122,096
Accounts receivable	1,398	-	1,398
Due from other governments	50,999	-	50,999
Deposits	30,000	-	30,000
Prepaid expenses	10,500	-	10,500
	<u>\$ 214,993</u>	<u>\$ -</u>	<u>\$ 214,993</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 11,329	\$ -	\$ 11,329
Accrued payroll and benefits	51,144	-	51,144
Retirement contributions payable	27,936	-	27,936
Total liabilities	90,409	-	90,409
<b>FUND BALANCES</b>			
Nonspendable	40,500	-	40,500
Unassigned	84,084	-	84,084
Total fund balance	124,584	-	124,584
Total liabilities and fund balance	<u>\$ 214,993</u>	<u>\$ -</u>	<u>\$ 214,993</u>

RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

Total fund balance reported in the balance sheet	\$ 124,584
Add capital assets net of depreciation as they are not financial resources and therefore are not reported in the governmental funds	129,371
Long-term liabilities and deferred inflows are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds	
Net pension liability	(1,912,737)
Deferred inflows related to pensions	(509,524)
Deferred outflows of resources used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Deferred outflows related to pensions	<u>336,389</u>
Net position of governmental activities	<u>\$ (1,831,917)</u>

See accompanying notes

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	School Grants Fund	Total
REVENUE			
Local sources	\$ 9,470	\$ -	\$ 9,470
State sources	1,505,947	64,741	1,570,688
Federal sources	-	16,041	16,041
Total revenue	1,515,417	80,782	1,596,199
EXPENDITURES			
Programs			
Regular programs	832,017	80,782	912,799
Food programs	12,329	-	12,329
Total programs expenditures	844,346	80,782	925,128
Undistributed expenditures			
Support services			
Students	79,797	-	79,797
School administration	100,710	-	100,710
Central services	64,487	-	64,487
Operation and maintenance of plant services	440,361	-	440,361
Student transportation	4,446	-	4,446
Total support services	689,801	-	689,801
Total expenditures	1,534,147	80,782	1,614,929
Excess (deficiency) of revenue over expenditures	(18,730)	-	(18,730)
FUND BALANCES, beginning of year	143,314	-	143,314
FUND BALANCES, end of year	\$ 124,584	\$ -	\$ 124,584

See accompanying notes

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

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DEFICIENCY OF REVENUE OVER EXPENDITURES IN THE GOVERNMENTAL FUNDS STATEMENT	\$ (18,730)
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Capital outlays are reported in the governmental funds as expenditures.  
 However, in the Statement of Activities the cost of those assets is  
 depreciated over their estimated useful lives.

Depreciation expense	(24,704)
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Some expenses reported in the Statement of Activities do not require the use  
 of current financial resources and therefore are not reported as expenditures  
 in the governmental funds.

Change in net pension liability	(170,657)
Change in deferred outflows of resources of pension deferrals	177,813
Change in deferred inflows of resources of pension deferrals	16,018

Contributions to a defined benefit pension plan between the measurement  
 date of the reported net pension liability and the end of the government's  
 reporting period must be recognized as a deferred outflow of resources.

Difference in contributions to the pension plan from the prior fiscal year	(30,489)
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CHANGE IN NET POSITION REPORTED ON THE STATEMENT OF ACTIVITIES	\$ (50,749)
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I CAN DO ANYTHING CHARTER HIGH SCHOOL  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 STUDENT ACTIVITY - AGENCY FUND  
 JUNE 30, 2017

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	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
ASSETS				
Cash	\$ 4,031	\$ 4,553	\$ 709	\$ 7,875
LIABILITIES				
Due to Students	\$ 4,031	\$ 4,553	\$ 709	\$ 7,875

See accompanying notes

## NOTES TO FINANCIAL STATEMENTS

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the I Can Do Anything Charter High School (School) have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

**A. Reporting Entity**

I Can Do Anything Charter High School is a charter school established in 1998 under Nevada Revised Statute 386.500 and is the first such school established in the State of Nevada under this statute. The School's major operation is to provide an educational alternative to at-risk youth who are economically or academically challenged, members of a non-traditional family, or teen parents.

The School receives funding from state, federal and local government sources and must comply with the concomitant requirements of these funding source entities. However, the School is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Directors has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

**B. Basis of Presentation and Basis of Accounting**

Government-wide Statements

GASB Statement Number 34 mandates government-wide financial statements of net position and activities, which are presented on the measurement and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. It also requires that certain fixed assets be recorded at cost less accumulated depreciation, pension deferrals and liabilities be recognized and outstanding debt be included in the statement of net position.

The School's basic financial statements include both government-wide (reporting the School as a whole with the exception of the student activity fund) and fund financial statements (reporting the School's major funds). The School's general fund and special revenue funds are classified as governmental activities.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function. The School does not charge indirect expenses to programs or functions. Program revenue includes fees for services and grants and contributions that are restricted to a particular program. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

These statements provide information about the School's funds, including a separate statement for the School's fiduciary fund (the student activity fund).

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation and Basis of Accounting (Continued)**

Fund Financial Statements (Continued)

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one broad fund category and two generic fund types as follows:

Governmental and Major Funds

1. *General Fund* is the School's general operating fund and is used to account for all financial resources except those required to be accounted for in other funds.
2. *School Grants Fund* is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School maintains its accounting records for all governmental funds on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when "measurable and available" to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenue available if it is collected within 60 days after year-end. Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

The School also has a student activity fund which accounts for the extra-curricular activities of its students.

**C. Cash**

Cash includes demand deposits held at the bank.

**D. Due from Other Governments**

This account includes amounts due from the State for Distributive School account (DSA) and grants.

**E. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Donated assets are recorded at their estimated fair market value on the date donated. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful life as follows:

Leasehold improvements	25 years
Equipment	4 to 16 years

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**F. Compensated Absences**

It is the School's policy to not pay out accrued paid time off with the termination of employment. Therefore, no liability for compensated absences has been recorded.

**G. Net Position Classifications**

There are three types of net position in the government-wide statement of net position:

- *Net investment in capital assets* - consists of capital asset balances less accumulated depreciation and reduced by outstanding balances of debt used to acquire, construct, or improve those assets.
- *Restricted net position* - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws.
- *Unrestricted net position* - consists of all other net position that does not meet the definition of the above two components and are available for the School's general use.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as needed.

The School did not have any restricted net positions as of June 30, 2017.

**H. Fund Balance Classifications**

Equity is classified as fund balance in the governmental fund statements. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include "nonspendable" which are not expected to be converted to cash, such as inventory or prepaid items, "restricted" by conditions of law, regulation, grants or contracts with external parties, "committed" which arise from majority votes of the School's Board, "assigned" which reflect an intent by the Principal or a person assigned by the Board, or "unassigned" which is the residual amount.

When both restricted and unrestricted fund balances are available for expenditures, it is the School's policy to use restricted fund balances first, then unrestricted as needed. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly from the unassigned fund balance.

**I. Use of Estimates**

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

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**J. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Nevada's Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. In the government-wide statements, pension expense is recognized based on the school's share of the change in its proportionate share of the PERS net pension liability. A net pension liability is recorded based on the School's proportionate share of the PERS net pension liability, deferred inflow based on the School proportionate share of the difference between projected and actual investment earnings, and the current year PERS contributions are recorded as a deferred outflow of resources. The effect of this reporting amounts to a decrease of \$2,085,872 in unrestricted net position. In the fund financial statements the PERS expense is recognized as the current year contributions paid.

NOTE 2 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the School to significant concentrations of credit risk consist of cash. The School deposits its cash in one banking institution and has petty cash on hand. The accounts at the banking institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and are collateralized by the Office of the State Treasurer/ Nevada Collateral Pool. The following is a summary of the total insured and uninsured amounts held at June 30, 2017:

Total cash on hand and in bank	\$ 133,446
Insured (FDIC)	<u>(133,296)</u>
Uninsured cash balance (cash on hand)	\$ <u>150</u>

NOTE 3 - BUDGETARY INFORMATION

The school is required by the State of Nevada Department of Education (Department) to adopt a tentative budget by April 16th and a final budget not later than June 8th of each year under NAC 386.370, but is not required by the Department to augment the budget during the year. Further, the School is not required under NRS 386.550 to adopt a final budget pursuant to NRS 354.598 or otherwise comply with any provisions of Chapter 354 of the NRS. In essence, augmentation of the School's budget is neither required nor prohibited.

The School's Board of Directors augmented the School's budget during the current year. The original and augmented budgets are presented in the Budgetary Comparison schedules in the supplementary information section. There is no difference between the budgetary basis and generally accepted accounting principles (GAAP).

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

Capital asset activity during 2017 was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Cost of assets:				
Leasehold improvements	\$ 231,898	\$ --	\$ --	\$ 231,898
Equipment	<u>222,651</u>	<u>--</u>	<u>--</u>	<u>222,651</u>
Total	\$ <u>454,549</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>454,549</u>
Accumulated depreciation:				
Leasehold improvements	\$(119,532)	\$( 9,673)	\$ --	\$(129,205)
Equipment	<u>(180,942)</u>	<u>(15,031)</u>	<u>--</u>	<u>(195,973)</u>
Total	\$ <u>(300,474)</u>	\$ <u>(24,704)</u>	\$ <u>--</u>	\$ <u>(325,178)</u>

Depreciation expense was charged to functions as follows:

Regular programs	\$ <u>24,704</u>
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NOTE 5 - OPERATING LEASES

The School leases a building on Corporate Blvd. for classrooms and administrative offices under a renewed 10-year operating lease beginning September 1, 2004, which expired August 31, 2014. On March 10, 2014, the School entered into the fourth amendment to the Corporate Blvd. lease agreement. This agreement expanded the 1195 Corporate location to 29,395 square feet and extended the lease term from September 1, 2014 to August 31, 2021. The lease calls for base monthly rent in the amount of \$27,925, which adjusts annually according to the terms of the lease, plus an amount for monthly CAM charges.

Total costs for this lease was \$340,363 for the year ended June 30, 2017.

The future minimum lease payments for the remaining operating lease is as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2018	\$ 347,408
2019	354,462
2020	367,396
2021	375,626
2022	<u>62,800</u>
	\$ <u>1,507,692</u>

NOTE 6 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

*Plan Description.* The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all full-time employees are covered under the system. The School has no liability for unfunded obligations of the system as provided by Nevada Revised Statutes (NRS) 286.110 but is required to report their share of the net pension liability under GASB 68.

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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NOTE 6 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

*Benefits Provided.* Benefits, as required by the NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during their lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

*Vesting.* Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation.

*Contributions.* Member contribution rates, which are actuarially determined, are established by NRS 286.421 for public employees enrolled in the contribution plan. The School is enrolled in both the employer-pay and employer/employee pay plan for PERS and is, therefore, required to share contributions due under the plan. For the years ended June 30, 2017 and June 30, 2016, the school's contractually required contribution rate was 28.00% of annual payroll for employer-pay plans and 14.50% for employer/employee-pay plans, respectively, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$158,576 for the year ended June 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the School reported a liability of \$1,912,737 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School's proportion was .01421%, which was a decrease from its proportion measured as of June 30, 2015 of .01520%.

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

NOTE 6 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

For the year ended June 30, 2017, the School recognized pension expense of \$165,891 in the government-wide statement of activities. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 128,082
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	177,813	-
Changes in proportion and differences between School contributions and proportionate share of contributions	-	381,442
School contributions subsequent to the measurement date	158,576	-
Total	<u>\$ 336,389</u>	<u>\$ 509,524</u>

The amount of \$158,576 is reported as deferred outflows of resources related to pensions resulting from the School's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30:</u>	
2018	\$ (14,736)
2019	(14,736)
2020	63,029
2021	30,486
2022	(11,737)
Thereafter	(2,587)

The following is the reconciliation of the June 30, 2017 net pension liability:

Net pension liability, beginning of year	\$ 1,742,080
Difference between expected and actual experience in the measurement of the total pension liability	275,129
Benefit payments	(189,065)
Pension expense	165,891
Changes in proportion	<u>(81,298)</u>
Net pension liability, end of year	<u>\$ 1,912,737</u>

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

NOTE 6 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Salary increases	Regular: 4.60% to 9.75% depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for Males or Females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the system. The following was the PERS' Board's adopted policy target allocation as of June 30, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%
Total	100%	

*Discount Rate.* The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.* The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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NOTE 6 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
School's proportionate share of the net pension liability	\$ 2,802,997	\$ 1,912,737	\$ 1,171,175

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report. That report may be obtained by calling 775-687-4200 or via the website at [www.nvpers.org](http://www.nvpers.org).

NOTE 7 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The School conformed to all significant statutory constraints on the financial administration during the fiscal year.

## REQUIRED SUPPLEMENTARY INFORMATION

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND - GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
REVENUE				
Local sources	\$ 13,400	\$ 13,400	\$ 9,470	\$ (3,930)
State sources	1,454,475	1,584,733	1,505,947	(78,786)
Total revenue	<u>1,467,875</u>	<u>1,598,133</u>	<u>1,515,417</u>	<u>(82,716)</u>
EXPENDITURES				
Programs				
Regular programs	751,581	836,564	832,017	4,547
Food service programs	<u>2,867</u>	<u>13,867</u>	<u>12,329</u>	<u>1,538</u>
Total program expenditures	<u>754,448</u>	<u>850,431</u>	<u>844,346</u>	<u>6,085</u>
Undistributed expenditures				
Support services				
Students	83,585	98,237	79,797	18,440
School administration	123,078	104,188	100,710	3,478
Central services	63,700	68,700	64,487	4,213
Operations and maintenance				
of plant services	424,279	446,436	440,361	6,075
Student transportation	<u>4,000</u>	<u>4,500</u>	<u>4,446</u>	<u>54</u>
Total support services	<u>698,642</u>	<u>722,061</u>	<u>689,801</u>	<u>32,260</u>
Total expenditures	<u>1,453,090</u>	<u>1,572,492</u>	<u>1,534,147</u>	<u>38,345</u>
Excess (deficiency) of revenue over expenditures	14,785	25,641	(18,730)	(44,371)
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>143,314</u>	<u>143,314</u>
FUND BALANCE, end of year	<u>\$ 14,785</u>	<u>\$ 25,641</u>	<u>\$ 124,584</u>	<u>\$ 98,943</u>

See accompanying notes

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
BUDGETARY COMPARISON SCHEDULE  
SCHOOL GRANTS FUND - GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
REVENUE				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	53,000	71,488	64,741	(6,747)
Federal sources	-	16,041	16,041	-
Total revenue	53,000	87,529	80,782	(6,747)
EXPENDITURES				
Programs				
Regular programs	53,000	87,529	80,782	6,747
Total expenditures	53,000	87,529	80,782	6,747
Excess (deficiency) of revenue over expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

See accompanying notes

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
 SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 FOR THE YEAR ENDED JUNE 30, 2017

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School's proportion of the net pension liability (asset)	0.01421%	0.01520%	0.01760%	0.01760%
School's proportionate share of the net pension liability (asset)	\$ 1,912,737	\$ 1,742,080	\$ 1,833,837	\$ 2,313,826
School's covered-employee payroll	848,355	903,289	942,765	1,022,551
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	225%	193%	195%	226%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	75.13%	76.31%	68.68%

See accompanying notes

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2017

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 158,576	\$ 189,065	\$ 190,658	\$ 224,643
Contributions in relation to the contractually required contribution	158,576	189,065	190,658	224,643
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 719,423	\$ 848,355	\$ 903,289	\$ 942,765
Contributions as a percentage of covered-employee payroll	22%	22%	21%	24%

See accompanying notes

## OTHER SUPPLEMENTARY INFORMATION

I CAN DO ANYTHING CHARTER HIGH SCHOOL  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

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<u>Contract/Grant</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U. S. DEPARTMENT OF EDUCATION		
Passed through the State of Nevada		
Washoe County School District		
Individuals with Disabilities Education Act	84.027	\$ 12,396
Career and Technical Education – Basic Grants to States	84.048	<u>3,645</u>
Total Federal Awards		\$ <u>16,041</u>