

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

FINANCIAL STATEMENTS

June 30, 2011

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

BOARD OF DIRECTORS

June 30, 2011

OFFICERS

Cliff Seretan, Chair
Sheridan, Oregon

Stephanie Teahn, Vice Chair
Sheridan, Oregon

MEMBERS

Lori Henderson
Sheridan, Oregon

Becky Stern-Doll
McMinnville, Oregon

Cindy Martinsen
Sheridan, Oregon

Nick Walton
(Resigned February 2011)
Sheridan, Oregon

Patti Gutierrez
(Resigned January 2011)
Sheridan, Oregon

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

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FINANCIAL SECTION



Koontz & Perdue, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sheridan AllPrep Academy
Sheridan, Oregon 97378

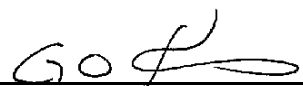
We have audited the accompanying statement of financial position of Sheridan AllPrep Academy (a not-for-profit corporation) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Academy's management. 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. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sheridan AllPrep Academy as of June 30, 2011, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The governmental schedule of activities and schedule of functional expenses on pages 10 through 11 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 to 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.

Koontz & Perdue, P.C.

By: 
Glen O. Kearns, CPA

Albany, Oregon
December 30, 2011

FINANCIAL STATEMENTS

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

STATEMENT OF FINANCIAL POSITION

June 30, 2011

ASSETS

Cash and cash equivalents	\$ 93,356
Intergovernmental receivables	127,759
Prepaid expenses	<u>3,162</u>

TOTAL ASSETS \$ 224,277

LIABILITIES

Accounts payable	\$ 11,010
Accrued liabilities	20,796
Deposits held	<u>850</u>

TOTAL LIABILITIES 32,656

NET ASSETS

Unrestricted	<u>191,621</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 224,277

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

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT			
State school fund	\$ 479,806	\$ -	\$ 479,806
Grants and contributions	7,650	72,224	79,874
Net assets released from restrictions	72,224	(72,224)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	559,680	-	559,680
EXPENSES			
Program services	347,438	-	347,438
Management and general	80,653	-	80,653
TOTAL EXPENSES	428,091	-	428,091
CHANGE IN NET ASSETS	131,589	-	131,589
NET ASSETS AT BEGINNING OF YEAR	60,032	-	60,032
NET ASSETS AT END OF YEAR	\$ 191,621	\$ -	\$ 191,621

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

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 131,589
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
(Increase) decrease in:	
Intergovernmental receivables	(32,904)
Prepaid expenses	(3,162)
Increase (decrease) in:	
Accounts payable	(1,228)
Accrued liabilities	<u>(5,853)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>88,442</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,442
BEGINNING CASH AND CASH EQUIVALENTS	<u>4,914</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 93,356</u></u>

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

NOTES TO FINANCIAL STATEMENTS

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities

Sheridan AllPrep Academy operates under the authority of Sheridan School District No. 48J, who grants a charter to the Academy and exercises oversight, as required by Oregon law. The Academy is reported as a component unit of Sheridan School District No. 48J. The Academy began operations in 2009, serving the community of Sheridan, Oregon. The Academy is subject to ORS 338 in connection with the operation of public charter schools. In accordance with ORS 338, the Academy is organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

B. Income Taxes

Sheridan AllPrep Academy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made. In addition, the Academy qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The tax-exempt status can be revoked by the Internal Revenue Service as a result of direct violations of laws and regulations governing 501(c)(3) organizations. The Academy's operating policy requires strict adherence to these laws and regulations in order to maintain its tax-exempt status. Management's policy is to engage in activities related to their exempt purpose.

Management evaluates tax positions annually based on the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. FASB ASC 740 prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing, in the financial statements, tax positions taken or expected to be taken on a tax return, including positions that the Academy is exempt from income taxes or not subject to income taxes on unrelated business income. The Academy presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits.

C. Basis of Presentation

The programs operated by the Academy are accounted for using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as set forth in Accounting Standards Codification (ASC) 958. Under FASB ASC 958, the Academy is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

D. Public Support and Revenue

Contributions are generally available for unrestricted use, unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

E. 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.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, Sheridan AllPrep Academy considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Accounts Receivable

The Academy generally does not require collateral to support accounts receivable. Accounts receivable are all current and are considered by management to be fully collectible; therefore, no provision for uncollectible accounts has been made.

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

H. Financial Instruments

Financial instruments, which potentially subject the Academy to concentrations of credit risk, consist primarily of cash, cash equivalents, and accounts receivable. The Academy places its cash and cash equivalents with high-quality financial institutions and limits the amount of credit exposure with any one institution.

I. Functional Allocation of Expenses

Sheridan AllPrep Academy allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2011:

Checking accounts	\$ 93,356
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NOTE 3 – INGERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2011 are as follows:

SSF receivable	\$ 55,535
Grants receivable	<u>72,224</u>
Total	<u>\$ 127,759</u>

Management determined that no allowance for doubtful accounts was necessary at June 30, 2011.

NOTE 4 – RETIREMENT PLAN

A. Oregon Public Employees Retirement System

Plan Description

The Academy contributes to a pension plan administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the Oregon Public Employees Retirement Fund (OPERF) and consists of two programs: the pension program and the defined benefit portion of the plan. OPSRP applies to qualifying Academy employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan.

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 4 – RETIREMENT PLAN (Continued)

A. Oregon Public Employees Retirement System (Continued)

Plan Description (Continued)

PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

The PERS plan provides retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

Funding Policy

The Academy is required by ORS 238.225 to contribute at a general service rate for the qualifying employees under the OPSRP plan. The OPSRP rate in effect for the year ended June 30, 2011 was 14.74%. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contributions in addition to the required employer's contribution. Midyear, the Academy elected to pay the required employee contribution of 6% of covered payroll.

Annual Pension Cost

The Academy's contributions to PERS for the three years ended June 30, 2009, 2010, and 2011 were equal to the required contribution for each year.

Annual pension expenses/expenditures are summarized as follows:

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed
2009	\$ -	100%
2010	\$ -	100%
2011	\$ 29,543	100%

SHERIDAN ALLPREP ACADEMY
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NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 5 – CONCENTRATIONS OF FUNDING SOURCES

Sheridan AllPrep Academy receives a significant portion of its revenue from the state school fund. For the year ended June 30 2011. Sheridan AllPrep Academy received approximately 90% of its total revenue from the state school fund.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

A substantial portion of operating funding is received from the State of Oregon through Sheridan School District No. 48J. State funding is determined through statewide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate, they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

Sheridan AllPrep Academy operates under the authority of Sheridan School District No. 48J, who grants a charter to the Academy and exercises oversight, as required by Oregon law. The effect of nonrenewal of the charter has not been determined.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 30, 2011, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

GOVERNMENTAL SCHEDULE OF ACTIVITIES

For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Instruction - 1000				
Regular programs - 1100	\$ 207,282	\$ -	\$ 72,224	\$ (135,058)
Support services - 2000				
Student support services - 2100	19,890	-	-	(19,890)
Instructional support services - 2200	78,232	-	-	(78,232)
General administration - 2300	25,421	-	3,825	(21,596)
School administration - 2400	50,532	-	-	(50,532)
Business support services - 2500	46,734	-	3,825	(42,909)
Total support services	<u>220,809</u>	<u>-</u>	<u>7,650</u>	<u>(213,159)</u>
Total governmental activities	<u>\$ 428,091</u>	<u>\$ -</u>	<u>\$ 79,874</u>	<u>(348,217)</u>
General revenues				
State school fund - general support				<u>479,806</u>
Change in net assets				131,589
Net assets - beginning				<u>60,032</u>
Net assets - ending				<u>\$ 191,621</u>

See independent auditor's report.

SHERIDAN ALLPREP ACADEMY
(a not-for-profit corporation)

SCHEDULES OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2011

	Program Services	Management and General	Total
Compensation and related expenses			
Salaries	\$ 120,532	\$ 19,835	\$ 140,367
Payroll taxes	9,191	2,059	11,250
Employee benefits	54,590	7,244	61,834
Accounting	-	4,063	4,063
Board meeting expenses	-	129	129
Computer hardware	9,201	450	9,651
Conferences	2,965	850	3,815
Contract labor	21,915	15,083	36,998
Contract services	78,276	-	78,276
Curriculum and books	42,820	-	42,820
Donated services	-	7,650	7,650
Dues and memberships	-	3,548	3,548
Equipment	-	250	250
Field trips	86	-	86
Insurance	-	6,019	6,019
Legal expenses	-	7,433	7,433
Licences and permits	-	50	50
Meals and entertainment	145	127	272
Miscellaneous expenses	-	1,183	1,183
Office expenses	-	1,794	1,794
Rental expenses	-	70	70
Repairs	-	29	29
Filing fee	-	200	200
Travel expenses	5,076	740	5,816
Utilities	1,416	1,113	2,529
Website maintenance	-	50	50
Workshops	1,225	684	1,909
	<u>\$ 347,438</u>	<u>\$ 80,653</u>	<u>\$ 428,091</u>
Total	<u>\$ 347,438</u>	<u>\$ 80,653</u>	<u>\$ 428,091</u>

See independent auditor's report.

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



Koontz & Perdue, P.C.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Sheridan AllPrep Academy
Sheridan, Oregon 97378

We have audited the financial statements of Sheridan AllPrep Academy as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Sheridan AllPrep Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to, the following:

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)


In connection with our testing, nothing came to our attention that caused us to believe the Academy was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. The Academy was not in compliance regarding public contracts and purchasing, which is in violation of ORS Chapters 279A, 279B, and 279C.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the Academy'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 Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting. However, we noted certain matters that we have reported to management of the Academy in a separate letter dated December 30, 2011.

This report is intended solely for the information and use of the board of directors and management of Sheridan AllPrep Academy and the Oregon Secretary of State, and is not intended to be and should not be used by anyone other than these parties.


Koontz & Perdue, P.C.

December 30, 2011