

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2017

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CHARTER SCHOOL NO. 4200
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JUNE 30, 2017**

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INTRODUCTORY SECTION

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2017**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Sandra Olmsted	June 2017	Chair/Community
Mohamed Haji Aden	June 2016	Vice Chair/Community
Khadar Yassin	June 2016	Treasurer/Community
Tamany AbouAiad	June 2017	Secretary/Teacher
Abdirahman Hassan	June 2016	Parent
Amena Abdullah	June 2017	Teacher
Mustafa Hurre	June 2017	Parent

ADMINISTRATION

Mustafa Ibrahim	Executive Director
Tracey Fiereck	Financial Management
School Offices:	Charter School No. 4200 STEP Academy Charter School 4416 66 th Street St. Paul, MN 55076 651-289-6120

FINANCIAL SECTION

**CHUCK RINKEY, LTD.
CERTIFIED PUBLIC ACCOUNTANT**

5775 WAYZATA BOULEVARD
SUITE 990
MINNEAPOLIS, MN 55416
TELEPHONE (952) 546-1052
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
STEP Academy Charter School
Charter School No. 4200
St. Paul, Minnesota

I have audited the accompanying financial statements of the governmental activities, and each major fund of STEP Academy Charter School as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise STEP Academy Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 STEP Academy Charter School, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison of the General Fund and Food Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited STEP Academy Charter School's 2016 financial statements, and I expressed an unmodified audit opinion on the respective financial statements of the governmental activities and each major fund in my report dated October 31, 2016. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise STEP Academy Charter School's basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table is presented as supplemental information as required by the Minnesota Department of Education and is also not part of the basic financial statements.

The Uniform Financial Accounting and Reporting Standards Compliance Table is the responsibility of management and was derived from and relate 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 my opinion, the Uniform Financial Accounting and Reporting Standards Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2017, on my consideration of STEP Academy Charter School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering STEP Academy Charter School's internal control over financial reporting and compliance.


CHUCK RINKEY, LTD.

Minneapolis, Minnesota
November 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION

**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The discussion and analysis of STEP Academy Charter School's financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school financial performance as a whole. Please read it in conjunction with the other components of the School's annual financial report.

FINANCIAL HIGHLIGHTS

- Entity-wide total assets were valued at \$4,118,037 including other capital assets, net of depreciation of \$129,213 and pension deferred outflows of \$2,961,763. Total liabilities of \$4,713,030 were composed of \$204,118 of current liabilities and \$4,508,912 of long-term liabilities. Pension deferred inflows were \$68,708.
- At June 30, 2017, STEP Academy's General Fund showed an unassigned fund balance of \$790,592, a decrease of \$44,322 from FY 2016.
- The School's overall net position decreased by \$122,459.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *School-wide financial statements* that provide both *short-term* and *long-term* information about the School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School, reporting the School's operations in *more detail* than the School-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

School-Wide Statements

The School-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the School's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the School's *net position* and how it has changed. Net position—the difference between the School's assets deferred outflows, liabilities and deferred inflows—is one way to measure the School's financial health or *position*. Over time, increases or decreases in the School's net position are indicators of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the School requires consideration of additional non-financial factors such as changes in the School's student population and the condition of school buildings and other facilities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's *funds*, focusing on its most significant or "major" funds, not the School as a whole. Funds are accounting devices STEP Academy uses to keep track of specific sources of funding and spending on particular programs. STEP Academy has established funds within the guidelines of the State's Uniform Financial Accounting and Reporting Standards (UFARS).

STEP Academy maintains the following type of fund:

Governmental Funds – Most of the School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance STEP Academy's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between them.

**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Financial Analysis of the School as a Whole

Table A-1 is a summarized view of the School's Statement of net position

**Table A-1
Condensed Statement of Net Position**

	Governmental Activities		
	2017	2016	2015
Current Assets	\$ 1,027,061	\$ 1,440,651	\$ 1,251,240
Capital Assets	129,213	10,736	14,058
Deferred outflows of resources	2,961,763	408,561	210,707
Total assets and deferred outflows	<u>4,118,037</u>	<u>1,859,948</u>	<u>1,476,005</u>
Current Liabilities	204,118	573,430	321,628
Long-Term Liabilities	4,508,912	1,183,592	954,469
Portion Due in More Than One Year		-	-
Deferred inflows of resources	68,708	265,388	239,911
Total liabilities and deferred inflows	<u>4,781,738</u>	<u>2,022,410</u>	<u>1,516,008</u>
Net investment in capital assets	129,213	10,736	14,058
Unrestricted	<u>(792,914)</u>	<u>(173,198)</u>	<u>(54,061)</u>
Total net position	<u>\$ (663,701)</u>	<u>\$ (162,462)</u>	<u>\$ (40,003)</u>

**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Table A-2 is a condensed version of STEP Academy's Change in Net Position:

The School's total revenues were \$3,567,864 for the year ended June 30, 2017. See Figure A-3 for a detailed breakdown of revenue sources.

**Table A-2
Changes in Net Position from Operating Results
For Governmental Activities**

	<u>Actual 2017</u>	<u>Actual 2016</u>	<u>Actual 2015</u>
Revenues:			
Charges for Services	\$ 1,186	\$ 5,929	\$ 9,371
Operating Grants & Contributions	780,914	657,613	666,054
General State Aid	2,680,510	2,500,648	2,328,017
Investment Earnings	2	130	53
Other	105,252	3,273	11,031
Total Revenue	3,567,864	3,167,593	3,014,526
Expenses:			
School Admin. And Support Services	369,407	294,429	343,804
Regular Instruction	1,870,639	1,178,464	1,004,289
Special Education	218,437	76,210	74,339
Instructional Support Services	243,638	180,734	194,291
Pupil Support Services	457,128	412,836	286,723
Sites, Buildings and Equipment	693,725	968,062	613,908
Fiscal and other fixed cost programs	13,683	8,542	9,445
Food Service	202,446	170,775	166,642
Total Expense	4,069,103	3,290,052	2,693,441
Change in Net Position	\$ (501,239)	\$ (122,459)	\$ 321,085
NET POSITION			
Beginning Net Position	(162,462)	(40,003)	616,023
Prior Period Adjustment- Implementation of GASB Standard			(977,111)
Beginning Net Position, as Restated		(40,003)	(361,088)
Ending Net Position	\$ (663,701)	\$ (162,462)	\$ (40,003)

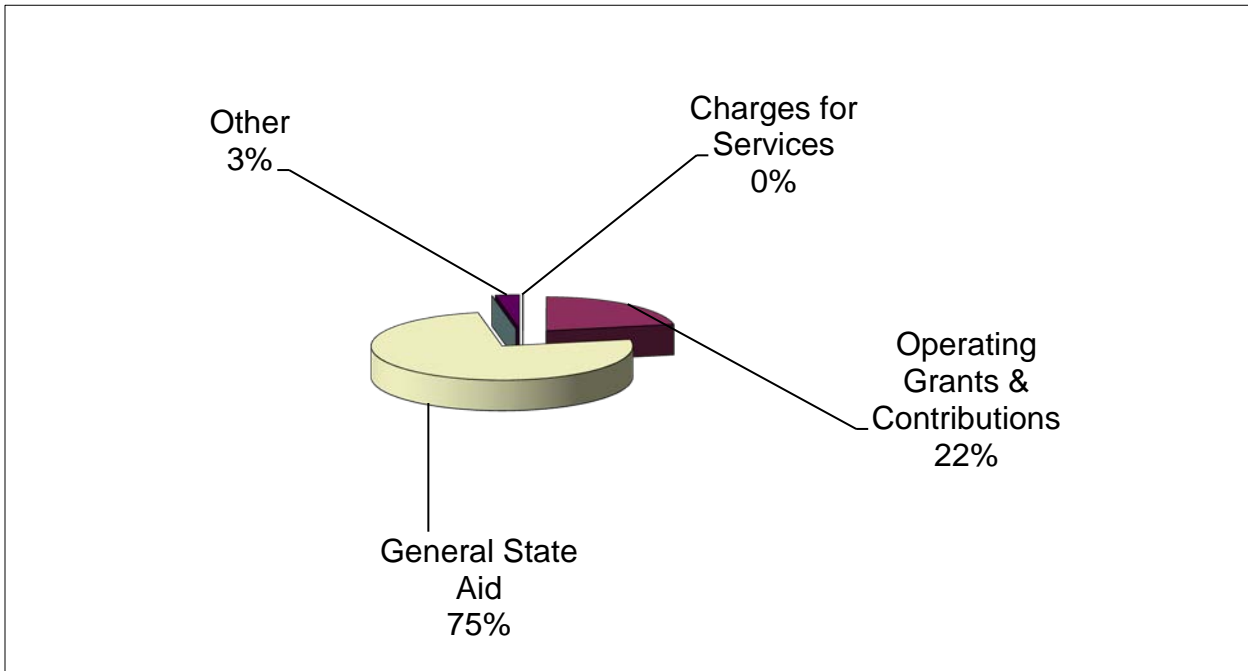
The total cost of all programs and services was \$4,069,103. At 2017 fiscal year-end, expenditures exceeded revenues by \$501,239.

**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Revenue (Table A-2 and Figure A-3)

- For FY2017 STEP Academy received \$3,567,864 in revenue – 75% in General Education Aid and 22% in program grants and contributions.
- Total Revenue for FY2017 increased by \$400,271 over the prior year.

Figure A-3 Sources of School's Revenue for Fiscal Year 2017

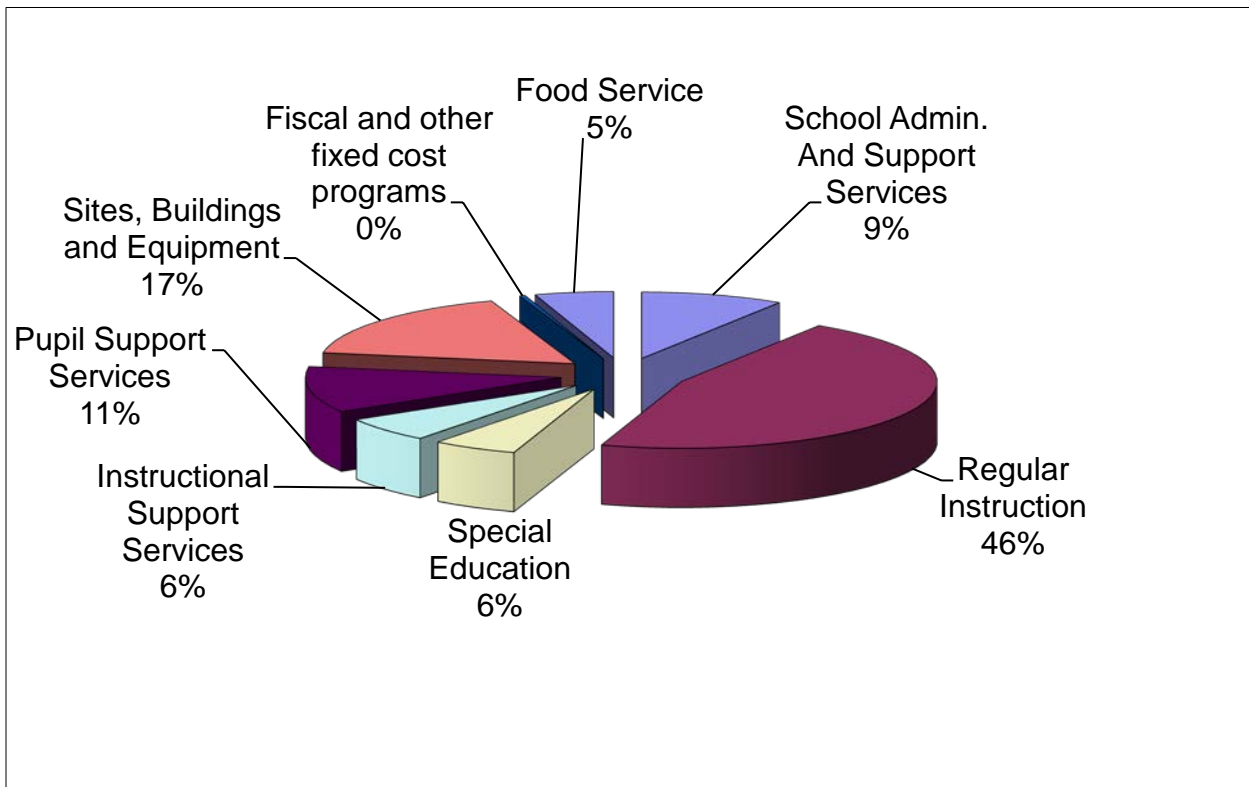


**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Expenses (Table A-2 and Figure A-4)

- For FY2017, the school's total expenses were \$4,069,103. Regular instructional services represent 46% of the total expenditures. This includes costs teaching staff, textbooks, instructional supplies and education equipment. Sites, Building and Equipment represent 17% of the total expenditures. This includes the lease and maintenance of the building. STEP Academy's administration and support expenses account for 9% of expenditures. These costs included school administrative services provided by start-up personnel, staff development services and planning, and curriculum development. Pupil Support Services accounts for 11% of the total expenditures this included the cost of transportation for the students. Instruction support service represents 6% of the total expenditures. This includes costs for textbooks, instructional professional stipends and instructional supplies. The remaining 5% of expenditures pertains to food service.
- Expenditures for FY2017 increased \$368,314 over the prior year. This increase was mainly due to expenditures related salaries and benefits.

Figure A-4 School Expenses for Fiscal Year 2017



**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

**Table A-3
Net Cost of Governmental Activities**

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
School Admin. And Support Services	\$ 369,407	\$ (369,407)	\$ 343,804	\$ 21,830	\$ 343,804	\$ (343,804)
Regular instruction	1,870,639	(1,746,226)	1,004,289	(911,988)	1,004,289	(605,467)
Special education	218,437	(124,748)	74,339	(13,250)	74,339	(23,558)
Instructional Support Services	243,638	(243,638)	194,291	(194,291)	194,291	(194,291)
Pupil Support Services	457,128	(290,227)	453,365	(296,964)	453,365	(268,421)
Sites, Buildings and Equipment	693,725	(296,628)	613,908	(613,908)	613,908	(216,961)
Fiscal and other fixed cost programs	13,683	(13,683)	9,445	(9,445)	9,445	(7,631)
Food Service	202,446	(202,446)	170,775	(170,775)	166,642	(166,642)
Total	<u>\$ 4,069,103</u>	<u>\$ (3,287,003)</u>	<u>\$ 2,693,441</u>	<u>\$ (2,018,016)</u>	<u>\$ 2,693,441</u>	<u>\$ (1,826,775)</u>

Budgetary Comparison:

The school adopts an original budget in June for the subsequent year. It is the School's practice to amend the General Fund budget during the year for known significant changes in circumstances such as: updated enrollment estimates, legislation changes, new or additional funding, staffing changes, employee contract settlements, adjustments to health insurance premiums, special education tuition changes, or utility rate changes.

The revised budget for the general fund was approved expecting expenditures to exceed revenues by \$513,215. In FY2017 revenues in the general fund were higher than anticipated, by \$686,903. Expenditures were higher than anticipated, by \$182,422 .

Fund Balances:

General Fund (Fund 01) currently has a balance of \$822,943. The Food Service Fund (fund 02) has a balance of \$0. Schools typically utilize their fund balance for funding short-term operations. A fund balance is advantageous to the school district as it decreases the need for short-term borrowing activity and minimizes interest expense.

**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Capital Assets and Debt Administration

Capital assets consisted of:

**Table A-4
The School's Capital Assets**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Percentage Change</u>
Equipment	80,242		38,174	0%
Leasehold Improvements	80,309	38,174	-	48%
	<u>(31,338)</u>	<u>(24,116)</u>	<u>(16,481)</u>	77%
Total	<u><u>129,213</u></u>	<u><u>14,058</u></u>	<u><u>21,693</u></u>	11%

Long-Term Liabilities

The liability for pension benefits payable relates to the new accounting standards which required the School to recognize its estimated share of the unfunded statewide pension plans for school employees.

Table A-5

The School's Long-Term Liabilities

	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Pension Benefits Payable	4,508,912	1,183,592	954,469	281%
Total	<u><u>4,508,912</u></u>	<u><u>1,183,592</u></u>	<u><u>954,469</u></u>	
Long-Term Liabilities:				
Due Within One Year				
Due in More Than One Year	<u><u>4,508,912</u></u>	<u><u>1,183,592</u></u>	<u><u>954,469</u></u>	

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The financial performance of the School as a whole is reflected in its governmental funds. Revenues for the School's governmental funds were \$3,564,542 while total expenditures were \$3,608,820. This contributed to a combined fund balance of \$822,943 which is \$44,278 lower than last year's ending fund balance of \$867,221.

GENERAL FUND

The General Fund includes the primary operations of the School in providing educational services to students from K through grade 12 including activities and capital outlay projects.

A large percentage of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources.

**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Basic general education revenue is determined by multiple complex state formulas, largely enrollment driven, and consists of a specified minimum amount with variables such as socioeconomic indicators driving additional funding. For Minnesota charter schools the majority of all funding consists of general education aid, special education aid and charter school lease aid. Other revenue consists of federal and private grant funding that is often expenditure driven.

General Fund Budgetary Highlights

The budget is approved prior to the beginning of the fiscal year. The School then may revise the annual operating budget in the fall and then again mid-year. These budget amendments fall into two main categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.
- Legislation passes subsequent to budget adoption, changes necessitated by employment agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were higher than budgeted with a variance of \$686,903 or 25%. Actual expenditures were higher than budgeted with a variance of \$182,422 or 6%. The majority of this is found in the area of Regular Instruction.

OTHER MAJOR FUNDS

Expenditures exceeded revenues in the Food Service Fund by \$35,544. A transfer from the General Fund was necessary to cover the deficit as required by rules and regulations.

CAPITAL ASSETS

By the end of the 2016-2017 fiscal year, the School had invested \$160,551 in capital assets including leasehold improvements, furniture and equipment. More detailed information about capital assets is presented in Note 3 to the financial statements. Total depreciation expense for the year was \$9,720.

FACTORS BEARING ON THE SCHOOL'S FUTURE

The School is dependent on the State of Minnesota for its revenue authority. The 2015 Legislative session ended with schools receiving a 2% increase to the general education formula for both FY 2016 and FY 2017. The 2016 Legislative session did not further improve the general education formula. The holdback will continue at its current level of 10%.

The School will strive to implement and sustain a commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

**STEP ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our constituents, state oversight agencies, lenders, customers, legislative leaders, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives.. If you have questions about this report or need additional financial information, please contact Mustafa Ibrahim, Executive Director, 651-289-6120.

BASIC FINANCIAL STATEMENTS

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 135,262
Investments	150,000
Due from MDE	634,317
Due from Federal Government	75,131
Prepaid Items	32,351
Capital assets:	
Other capital assets, net of depreciation	<u>129,213</u>
Total assets	1,156,274
Deferred Outflows of Resources	
Pension Deferred Outflows	<u>2,961,763</u>
Total assets and deferred outflows of resources	<u>\$ 4,118,037</u>
Liabilities and fund balances:	
Liabilities:	
Accounts payable	\$ 28,985
Accrued salaries	106,406
Payroll Taxes Payable	68,727
Long-Term Liabilities	
Portion Due in More Than One Year	<u>4,508,912</u>
Total Liabilities	<u>4,713,030</u>
Deferred Inflows of Resources	
Pension Deferred Inflows	<u>68,708</u>
Net Position:	
Net Investment in Capital Assets	129,213
Unrestricted	<u>(792,914)</u>
Total Net Position	<u>(663,701)</u>
Total Liabilities, deferred inflows and net position	<u>\$ 4,118,037</u>

The notes to the financial statements are an integral part of this statement

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instructional services:				
Regular instruction	\$ 1,867,317	\$ 1,186	\$ 123,227	\$ (1,742,904)
Special education instruction	218,437		93,689	(124,748)
Supporting services:				
Instructional support services	243,638			(243,638)
Pupil support services	457,128		166,901	(290,227)
Food Service	202,446			(202,446)
Sites and buildings	693,725		397,097	(296,628)
Administration	188,871			(188,871)
District support services	180,536			(180,536)
Fiscal and other fixed cost programs	13,683			(13,683)
Total school district	<u>\$ 4,065,781</u>	<u>\$ 1,186</u>	<u>\$ 780,914</u>	<u>\$ (3,283,681)</u>
General revenues:				
				2,677,188
				105,252
				<u>2</u>
				<u>2,782,442</u>
				(501,239)
				<u>(162,462)</u>
				<u>\$ (663,701)</u>

The notes to the financial statements are an integral part of this statement

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	General Fund	Food Service Fund	Governmental Funds	
			2017	2016
Assets:				
Cash	\$ 134,894	\$ 368	\$ 135,262	\$ 849,431
Investments	150,000		150,000	150,000
Other Accounts Receivable	-	-	-	16,016
Due from Minnesota Department of Education	634,317		634,317	270,320
Due from Federal Government	75,131		75,131	122,577
Prepaid Items	32,351		32,351	32,307
Total assets	<u>\$ 1,026,693</u>	<u>\$ 368</u>	<u>\$ 1,027,061</u>	<u>\$ 1,440,651</u>
Liabilities and fund balances:				
Liabilities:				
Accounts Payable	\$ 28,617	\$ 368	\$ 28,985	\$ 397,808
Salaries Payable	106,406		106,406	91,731
Other Current Liabilities	68,727		68,727	80,094
Total Liabilities	<u>203,750</u>	<u>368</u>	<u>204,118</u>	<u>569,633</u>
Fund Balance				
Nonspendable	32,351		32,351	32,307
Unassigned	790,592		790,592	838,711
Total Fund Balances	<u>822,943</u>	<u>-</u>	<u>822,943</u>	<u>871,018</u>
Total Liabilities and Fund Balances	<u>\$ 1,026,693</u>	<u>\$ 368</u>	<u>\$ 1,027,061</u>	<u>\$ 1,440,651</u>

Total fund balance for governmental funds

Total net position reported for governmental activities in the statement of net position is different because: \$ 822,943

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$23,141 and the accumulated depreciation is \$12,405. 129,213

The School's Net Pension Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension Liability	(4,508,912)
Deferred Inflows of Resources - Pensions	2,961,763
Deferred Outflows of Resources - Pensions	(68,708)
Total net position of governmental activities	<u>(663,701)</u>

The notes to the financial statements are an integral part of this statement

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	General Fund	Food Service Fund	Total Govt Funds
Revenues:			
State Sources	\$ 3,115,073	\$ 4,599	\$ 3,119,672
Federal Sources	176,038	160,829	336,867
Local Sources	106,529	1,474	108,003
Total revenues	3,397,640	166,902	3,564,542
Expenditures:			
Administration	154,313	-	154,313
District Support Services	180,536	-	180,536
Regular Instruction	1,455,805	-	1,455,805
Special Education Instruction	156,405	-	156,405
Instructional Support Services	214,866	-	214,866
Pupil Support Services	459,572	-	459,572
Sites and Buildings	771,194	-	771,194
Fiscal and Other Fixed Costs	13,683	-	13,683
Food service	-	202,446	202,446
Total expenditures	3,406,374	202,446	3,608,820
Excess of revenues over (under) expenditures	(8,734)	(35,544)	(44,278)
Other financing sources (uses):			
Operating transfers in		35,544	35,544
Operating transfers out	(35,544)		(35,544)
Total other financing sources (uses)	(35,544)	35,544	-
Net change in fund balances	(44,278)	(0)	(44,278)
Fund Balances			
Fund balances - beginning	867,221	-	867,221
Fund balances - ending	\$ 822,943	\$ (0)	\$ 822,943
Net change in fund balances-total governmental funds			(44,278)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

	Capital outlays	124,875	
	Depreciation expense	(9,720)	115,155

Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.

(572,116)

Change in net position of governmental activities

\$ (501,239)

The notes to the financial statements are an integral part of this statement

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	<u>2017</u>			<u>2016</u>	
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Under)</u>	
Revenues:					
State Sources	\$ 3,046,619	\$3,233,421	\$ 3,115,073	\$ (118,348)	2,854,708
Federal Sources	67,905	93,521	176,038	82,517	122,577
Other local sources	1,050	1,050	106,529	105,479	9,333
Total revenues	<u>3,115,574</u>	<u>3,327,992</u>	<u>3,397,640</u>	<u>69,648</u>	<u>2,986,618</u>
Expenditures:					
Current:					
Administration	129,540	155,073	154,313	(760)	142,845
District Support Services	153,122	156,903	180,536	23,633	151,384
Regular Instruction	1,289,347	1,312,461	1,455,805	143,344	1,100,750
Special Education Instruction	79,735	212,136	156,405	(55,731)	76,210
Instructional Support Services	177,871	145,581	214,866	69,285	180,734
Pupil Support Services	387,897	459,222	459,572	350	412,836
Sites, Buildings and Equipment	629,075	762,576	771,194	8,618	964,759
Fiscal and Other Fixed Costs	10,000	20,000	13,683	(6,317)	8,542
Total expenditures	<u>2,856,587</u>	<u>3,223,952</u>	<u>3,406,374</u>	<u>182,422</u>	<u>3,038,060</u>
Excess of expenditures over revenues	<u>\$ 258,987</u>	<u>\$ 104,040</u>	(8,734)	<u>\$ (112,774)</u>	<u>\$ (51,442)</u>
Other financing sources (uses):					
Operating transfers out			<u>(35,544)</u>	-	<u>(7,431)</u>
Net change in fund balances			(44,278)	-	(58,873)
Fund balance					
Beginning of Year			<u>867,221</u>	-	<u>926,094</u>
End of Year			<u>\$ 822,943</u>	-	<u>\$ 867,221</u>

The notes to the financial statements are an integral part of this statement

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2017**

	<u>2017</u>				<u>2016</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under)</u>	
	<u>Original</u>	<u>Final</u>			
Revenues:					
Local Sources					
Other	\$ 2,225	\$ 2,225	\$ 1,474	\$ (751)	\$ 1,162
State Sources	5,200	5,200	4,599	(601)	3,946
Federal Sources	134,500	150,200	160,829	10,629	154,718
Total revenues	<u>141,925</u>	<u>157,625</u>	<u>166,902</u>	<u>9,277</u>	<u>159,826</u>
Expenditures:					
Current					
Food Service	142,659	165,299	202,446	\$ 37,147	170,775
Capital Outlay	-	-	-	-	-
Total expenditures	<u>142,659</u>	<u>165,299</u>	<u>202,446</u>	<u>37,147</u>	<u>170,775</u>
Excess of Expenditures over Revenues	(734)	(7,674)	(35,544)	(27,870)	(10,949)
Other financing sources					
Transfers in	-	-	35,544	\$ 35,544	7,431
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>35,544</u>	<u>35,544</u>	<u>7,431</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	\$ -	\$ -	(3,518)
Fund balance					
Beginning of Year			<u>-</u>		<u>3,518</u>
End of Year			<u>\$ -</u>		<u>\$ -</u>

The notes to the financial statements are an integral part of this statement

NOTES TO FINANCIAL STATEMENTS

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Charter School No. 4200, also known as STEP Academy Charter School, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

B. Financial Reporting Entity

STEP Academy Charter School (the School), is a nonprofit corporation that was formed June 2007, and began operating in September 2011. The School is authorized by Anoka Technical College and operates under a five year charter school contract that ends June 30, 2019. The primary objective of STEP Academy Charter School is to educate students in a well-rounded STEM curriculum with a multi-disciplinary instructional approach. The governing body consisted of a board of directors composed of the five members.

The School's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the School is considered to be financially accountable.

Component units are legally separate entities for which the School is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no component units of the School.

Aside from its authorizer role, Anoka Technical College has no authority, control, power, or administrative responsibilities over STEP Academy Charter School. Therefore, the School is not considered a component unit of Anoka Technical College.

Student activity accounts are under control of the School Board and are included in these financial statements as part of the General Fund.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the School.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The School applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Generally, the effect of material inter-fund activity has been removed from the government-wide financial statements.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used.

Description of Funds

As required by state statute, STEP Academy Charter School operates as a nonprofit corporation under Minnesota Statutes §317A. However, state law also requires that the School comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS) which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. A description of the School's funds included in this report is as follows:

	General Fund	Food Service Fund	Total
Nonspendable:			
Prepaid Items	\$ 32,351	\$ -	\$ 32,351
Unassigned	790,592	-	\$ 790,592
	\$822,943	\$ -	\$ 822,943

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the School, as well as the capital related activities such as maintenance of facilities and equipment purchases.

Food Service Special Revenue Fund

This fund is used to account for food service revenues and expenditures.

E. Income Taxes

The School is classified as a tax-exempt organization, under Section 501(c) (3) of the Internal Revenue Code and comparable sections of the Minnesota income tax statutes.

F. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Each June, the School Board adopts an annual budget for the following fiscal year for each fund. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Executive Director submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota schools which excludes certain restricted balances specified in Minnesota statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

G. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

H. Accounts Receivable

Accounts receivable represents amounts due from individuals, firms, and corporations for goods and services furnished by the School. No substantial losses are anticipated from present receivable balances. Therefore, no allowance for uncollectible accounts is deemed necessary.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. Deferred outflows/inflows or resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School maintains a threshold level of \$500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the School, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 20 years for equipment.

L. Retirement Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of TRA and PERA and additions to/deductions from TRA's and PERA's fiduciary net position have been determined on the same basis as they are reported by TRA and PERA.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015. Additional information can be found in Note 4.

M. Accrued Employee Benefits

Unpaid sick and personal leave is not accrued in any funds as these benefits do not vest to employees.

N. Fund Balance

In the fund financial statements, governmental funds report non-spendable portions of fund balance related to prepaid items. Unassigned fund balances are considered the remaining amounts in the General Fund. The spending priority for the unrestricted fund balance when an expenditure is incurred for purposes for which committed, assigned and unassigned amounts are available, committed amounts would be reduced first, followed by assigned and then unassigned amounts.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; worker's compensation and natural disasters. The School purchases commercial insurance coverage for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past two fiscal years.

P. Net Position

Net position represents the difference between assets, deferred inflows, liabilities and deferred outflows in the Government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Q. Fair Value of Financial Instruments

The School defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. To determine fair value, the School uses a fair value hierarchy categorized into three levels based on the inputs used. Generally, the three levels are as follows:

- i. Level 1 – Quoted prices in active markets for identical assets.
- ii. Level 2 – Significant other observable inputs.
- iii. Level 3 – Significant unobservable inputs.

The following table presents our assets at June 30, 2017, which are measured at fair value on a recurring basis:

Assets	Level 2	Gross Fair Value	Net Fair Value
Certificate of Deposit	\$ 150,000	\$ 150,000	\$ 150,000

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 2 CASH AND INVESTMENTS

A. DEPOSITS

The School maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the Statement of Net Position and on the balance sheet as "Cash." In accordance with applicable Minnesota Statutes, the School maintains deposits at financial institutions which are authorized by the School Board.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

The School's deposits in banks at June 30, 2017 in the amount of \$135,262 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota statutes.

B. INVESTMENTS

Minnesota Statutes authorize investments for charter schools. The School has a Certificate of Deposit for \$150,000 that matures December 31, 2099, with interest at 1.25%.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	-	80,309	-	80,309
Furniture and equipment	<u>38,174</u>	<u>44,566</u>	<u>(2,498)</u>	<u>80,242</u>
Total capital assets, being depreciated	<u>38,174</u>	<u>124,875</u>	<u>(2,498)</u>	<u>160,551</u>
Accumulated depreciation for:				
Leasehold improvements		2,839		2,839
Furniture and equipment	<u>24,116</u>	<u>6,881</u>	<u>(2,498)</u>	<u>28,499</u>
Total accumulated depreciation	<u>24,116</u>	<u>9,720</u>	<u>(2,498)</u>	<u>31,338</u>
Total capital assets, being depreciated, net	<u>14,058</u>	<u>115,155</u>	<u>-</u>	<u>129,213</u>
Governmental activities capital assets, net	<u>\$ 14,058</u>	<u>\$ 115,155</u>	<u>\$ -</u>	<u>\$ 129,213</u>

Depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	
Regular instruction	\$ 6,764
Special Education instruction	32
Pupil support services	84
Sites and Buildings	<u>2,840</u>
Total depreciation expense, governmental activities	<u>\$ 9,720</u>

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4 RETIREMENT PLANS

Substantially all employees of the School are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), both of which are cost-sharing multiple-employer defined benefit pension plans administered on a statewide basis. Disclosures relating to these plans are as follows:

A. PLAN DESCRIPTIONS

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary school, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the cities of Duluth and St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by Minnesota State may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

The School also participates in the General Employees Retirement Plan (GERF), which is administered by PERA in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code. All full-time and certain part-time employees of the School, other than teachers, are covered by GERF. GERF members belong to either the Basic Plan (without Social Security coverage) or the Coordinated Plan (with Social Security coverage). The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

B. BENEFITS PROVIDED

TRA

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4 RETIREMENT PLANS (CONTINUED)

Two methods (Tier I and Tier II) are used to compute benefits for TRA's Basic and Coordinated Plan members.

Tier 1 Benefits

<u>Tier 1</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years are Up to July 1, 2006	1.2% per Year
	First Ten Years, if Service years are Up to July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years are July 1, 2006 or After	1.9% per Year

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

PERA

PERA provides retirement, disability, and death benefits. Benefit provisions are established by Minnesota Statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraph are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2).

Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4 RETIREMENT PLANS (CONTINUED)

for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and the member's highest average salary for any five successive years of allowable service.

C. CONTRIBUTIONS

Employee and employer contribution rates are established by Minnesota Statutes. Rates for the years ended June 30, 2016 and 2017 are as follows:

	<u>Employee</u>	<u>Employer</u>
TRA - Basic Plan	11.0%	11.50%
TRA - Coordinated Plan	7.50%	7.50%
PERA - Basic Plan	9.10%	11.78%
PERA - Coordinated Plan	6.50%	7.50%

The School's contributions to TRA and PERA for the plan's fiscal year ended June 30, 2017 and 2016 were \$27,583 and \$11,210, respectively, which were equal to the required contributions as set by state statute.

D. NET PENSION LIABILITY AND PENSION EXPENSE

The net pension liability reported at June 30, 2017 was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date. The School's proportionate share of the net pension liability was based on its contributions to each respective plan in relation to total contributions to the plan. For TRA, total contributions to the plan include direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School.

The pension liability related to TRA reflected a reduction due to direct aid provided to TRA. The amount recognized by the School as its proportionate share of the net pension liability, the direct aid, and the total portion of the net pension liability that was associated with the School was as follows:

	<u>TRA</u>	<u>PERA</u>
School's proportionate share of net pension liability	\$ 4,078,758	\$ 430,334
State's proportionate share of net pension liability associated with the school	\$ 409,044	-

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4 RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2017, the School recognized the following pension expense:

	<u>TRA</u>	<u>PERA</u>
Pension expense	\$ 617,801	\$ 18,482
Pension expense for the support provided by direct aid	\$ 57,116	

E. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

At June 30, 2017, the School reported deferred outflows and inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	1,274	35,073
Changes in Assumptions	2,354,551	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	303,324	
Changes in Proportion School Contributions Subsequent to the Measurement Date	108,523	
	<u>102,258</u>	
Total	<u>\$ 2,869,930</u>	<u>\$ 35,073</u>

Amounts reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2018.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4 RETIREMENT PLANS (CONTINUED)

F. ACTUARIAL ASSUMPTIONS

TRA

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.

Actuarial Information

Valuation date	July 1, 2016
Experience study	June 5, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	4.66%
Price inflation	2.75%
Wage growth rate	3.5%
Projected salary increase	3.5 – 9.5
Cost of living adjustment	2.0%

Mortality Assumption:

Pre-retirement: RP- 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale. Post-retirement: RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability: RP-2014 disabled retiree mortality table, without adjustment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6 years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of 6 years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of 5 years as required by GASB 68.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4 RETIREMENT PLANS (CONTINUED)

PERA

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Measurement date	June 30, 2016
Valuation date	June 30, 2016
Inflation	2.75% per year
Active member payroll growth	3.50% per year
Investment rate of return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1% effective every January 1st until 2034 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies. The experience study in the GEF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

PERA

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

TRA and PERA

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Unallocated cash	2%	0.50%
Total	<u>100%</u>	

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4 RETIREMENT PLANS (CONTINUED)

G. DISCOUNT RATE

The discount rates used to measure the total pension liability for TRA and PERA were 4.66% and 7.5%, (a decrease from 8.00% and 7.90% respectively).

The projection of cash flows used to determine the discount rate assumed that employee, employer, and state contributions, if any, will be made at current statutorily required rates. Based on those assumptions, each of 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.

NOTE 5 INTER-FUND TRANSACTIONS AND BALANCES

Transfers consist of the following for the year ended June 30, 2017:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Reason</u>
General	Food Service	\$ 35,544	Eliminate deficit in Food Service Fund balance

Transfers are used to (a) move revenues from the fund in which statute or budget requires the revenue be collected to the fund in which statute or budget requires the dollars be expended and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The interfund balance above is to be repaid as cash flows become available in the Food Service Fund.

**STEP ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 6 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Operating Lease for Educational Space

The school leases space from Church of Sacred Heart under the terms of a lease, which began July 1, 2016 and expires June 30, 2026. Minimum rental payments for the lease term are \$38,447 per month based on current per pupil lease aid reimbursement.

For fiscal year 2017, the School qualified for state charter school lease aid of \$387,341. Annual rental payments were \$519,046.

Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Total Payments</u>
30-Jun-18	\$205,050
30-Jun-19	207,607
30-Jun-20	224,607
30-Jun-21	<u>230,474</u>
	<u>\$867,738</u>

Additional rent payments not included in the above minimum lease payments schedule are also included in the lease for the School's share of operating costs.

The School's ability to make payments under the lease agreement is dependent on its revenues which are, in turn, largely dependent on sufficient enrollment being served at the School and sufficient state aids per student being authorized and received from the State of Minnesota. The School believes that its enrollments and aid entitlements will be sufficient to meet the lease obligations as they become due.

REQUIRED SUPPLEMENTARY INFORMATION

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017**

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
Teacher's Retirement Association						
June 30, 2014	June 30, 2015	0.0146%	\$705,013	\$700,123	100.7%	81.5%
June 30, 2015	June 30, 2016	0.0168%	\$1,039,246	\$852,200	121.9%	76.8%
June 30, 2016	June 30, 2017	0.0171%	\$4,487,802	\$1,022,763	22.8%	78.7%
PERA - General Employees Retirement Fund						
June 30, 2014	June 30, 2015	0.0053%	\$248,967	\$590,068	85.8%	78.7%
June 30, 2015	June 30, 2016	0.0043%	\$222,848	\$295,400	75.4%	78.2%
June 30, 2016	June 30, 2017	0.0038%	\$430,334	\$344,147	80.0%	78.5%

The schedule is provided prospectively beginning with the School's fiscal year ended June 30, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**STEP ACADEMY CHARTER SCHOOL
CHARTER SCHOOL NO. 4200
SCHEDULE OF SCHOOL CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation the the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
Teacher's Retirement Association					
30-Jun-17	\$76,447	\$76,447	\$0	\$1,022,763	7.50%
PERA - General Employees Retirement Fund					
30-Jun-17	\$25,811	\$25,811	\$0	\$344,147	7.50%

The schedule is provided prospectively beginning with the School's fiscal year ended June 30, 2017 and is

SUPPLEMENTAL INFORMATION

**STEP ACADEMY CHARTER SCHOOL
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2017**

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				02 FOOD SERVICE			
Total Revenue	\$ 1,691,696	\$ 1,691,696	\$ -	Total Revenue	\$ 83,219	\$ 83,219	\$ -
Total Expenditures	\$ 1,550,247	\$ 1,550,247	\$ -	Total Expenditures	\$ 126,031	\$ 126,031	\$ -
Non Spendable:				Non Spendable:			
4.60 Non Spendable Fund Balance	\$ 26,021	\$ 26,021	\$ -	4.60 Non Spendable Fund Balance	\$ -	\$ -	\$ -
Restricted / Reserved:				Restricted / Reserved:			
4.03 Staff Development	\$ -	\$ -	\$ -	4.52 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
4.05 Deferred Maintenance	\$ -	\$ -	\$ -	Restricted:			
4.06 Health and Safety	\$ -	\$ -	\$ -	4.64 Restricted Fund Balance	\$ -	\$ -	\$ -
4.07 Capital Projects Levy	\$ -	\$ -	\$ -	Unassigned:			
4.08 Cooperative Revenue	\$ -	\$ -	\$ -	4.63 Unassigned Fund Balance	\$ -	\$ -	\$ -
4.09 Alternative Facility Program	\$ -	\$ -	\$ -				
4.13 Project Funded by COP	\$ -	\$ -	\$ -	04 COMMUNITY SERVICE			
4.14 Operating Debt	\$ -	\$ -	\$ -	Total Revenue	\$ -	\$ -	\$ -
4.16 Levy Reduction	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
4.17 Taconite Building Maint	\$ -	\$ -	\$ -	Non Spendable:			
4.23 Certain Teacher Programs	\$ -	\$ -	\$ -	4.60 Non Spendable Fund Balance	\$ -	\$ -	\$ -
4.24 Operating Capital	\$ -	\$ -	\$ -	Restricted / Reserved:			
4.26 \$25 Taconite	\$ -	\$ -	\$ -	4.26 \$25 Taconite	\$ -	\$ -	\$ -
4.27 Disabled Accessibility	\$ -	\$ -	\$ -	4.31 Community Education	\$ -	\$ -	\$ -
4.28 Learning & Development	\$ -	\$ -	\$ -	4.32 E.C.F.E	\$ -	\$ -	\$ -
4.34 Area Learning Center	\$ -	\$ -	\$ -	4.40 Teacher Development and	\$ -	\$ -	\$ -
4.35 Contracted Alt. Programs	\$ -	\$ -	\$ -	Evaluation			
4.36 State Approved Alt. Program	\$ -	\$ -	\$ -	4.44 School Readiness	\$ -	\$ -	\$ -
4.38 Gifted & Talented	\$ -	\$ -	\$ -	4.47 Adult Basic Education	\$ -	\$ -	\$ -
4.40 Teacher Development and	\$ -	\$ -	\$ -	4.52 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
Evaluation				Restricted:			
4.41 Basic Skills Programs	\$ -	\$ -	\$ -	4.64 Restricted Fund Balance	\$ -	\$ -	\$ -
4.45 Career Tech Programs	\$ -	\$ -	\$ -	Unassigned:			
4.48 Achievement and Integration	\$ -	\$ -	\$ -	4.63 Unassigned Fund Balance	\$ -	\$ -	\$ -
4.49 Safe School Crime - Crime Levy	\$ -	\$ -	\$ -				
4.50 Pre-Kindergarten	\$ -	\$ -	\$ -				
4.51 QZAB Payments	\$ -	\$ -	\$ -				
4.52 OPEB Liab Not In Trust	\$ -	\$ -	\$ -				
4.53 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -				
Restricted:							
4.64 Restricted Fund Balance	\$ -	\$ -	\$ -				
Committed:							
4.18 Committed for Separation	\$ -	\$ -	\$ -				
4.61 Committed Fund Balance	\$ -	\$ -	\$ -				
Assigned:							
4.62 Assigned Fund Balance	\$ -	\$ -	\$ -				
Unassigned:							
4.22 Unassigned Fund Balance	\$ 72,660	\$ 72,660	\$ -				

OTHER REQUIRED REPORTS

**CHUCK RINKEY, LTD.
CERTIFIED PUBLIC ACCOUNTANT**

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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**

To the Board of Directors
STEP Academy Charter School
Charter School No. 4200
St. Paul, Minnesota

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of STEP Academy Charter School, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise STEP Academy Charter School's basic financial statements, and have issued our report thereon dated .

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the STEP Academy Charter School's financial statements are free from material misstatement, I 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, I do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Chuck Rinkey, Ltd.

CHUCK RINKEY, LTD.
Minneapolis, Minnesota

November 30, 2017

**CHUCK RINKEY, LTD.
CERTIFIED PUBLIC ACCOUNTANT**

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MINNESOTA LEGAL COMPLIANCE REPORT

To the Board of directors
STEP Academy Charter School
Charter School No. 4200
St. Paul, Minnesota

I have audited, 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, the financial statements of the governmental activities and each major fund of STEP Academy Charter School as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2017.

The *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools.

In connection with our audit, nothing came to our attention that caused us to believe that STEP Academy Charter School failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Charter Schools. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had I performed additional procedures, other matters may have come to our attention regarding STEP Academy Charter School's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Chuck Rinkey, Ltd.

CHUCK RINKEY, LTD.
Minneapolis, MN 55416

November 30, 2017