

**NOBLE ACADEMY
CHARTER SCHOOL NO. 4171**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

For The Year Ended June 30, 2009

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**NOBLE ACADEMY
 CHARTER SCHOOL NO. 4171
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INTRODUCTORY SECTION

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SCHOOL BOARD

Name	Board Position During 2008 - 2009
Xulivong Moua	Board Chair
Ge Yang	Board Vice Chair
Cher Pheng Thao	Board Treasurer
Aemillianna Thao	Board Secretary
Matthew Xiong	Board Member
KoukhaSha Kue	Board Member
Neal Thao	Board Member

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FINANCIAL SECTION

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Tautges Redpath, Ltd.

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Noble Academy
Charter School No. 4171
Minneapolis, Minnesota

We have audited the accompanying financial statements of the governmental activities and each major fund of Noble Academy, as of and for the year ended June 30, 2009 which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of Noble Academy's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Noble Academy, as of June 30, 2009, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2009 on our consideration of Noble Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison schedules as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Noble Academy's basic financial statements. The introductory section and individual fund statements, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken 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, we express no opinion on it. 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 a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



HLB TAUTGES REDPATH, LTD.
White Bear Lake, Minnesota

December 10, 2009

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

This section of Noble Academy’s (the School) annual financial reporting presents our discussion and analysis of the School’s financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the School’s financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2008-2009 fiscal year includes the following:

- Net revenues of \$3,887,330 were received and net expenditures of \$3,413,289 were incurred, which resulted in a \$474,041 increase in fund balance.

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 MD&A (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.

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 assets includes all of the School’s assets and liabilities. 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 assets and how they have changed. Net assets – the difference between the School’s assets and liabilities – is one way to measure the School’s financial health or position.

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

- Over time, increases or decreases in the School’s net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional non-financial factors such as changes in the School’s creditworthiness and the condition of school buildings and other facilities.

In the School-wide financial statements the School’s activities are shown in one category:

- Governmental activities – all of the School’s basic services are included here, such as regular and special education, transportation, and administration. State, federal and foundation grants finance most of these activities.

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 the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The School may establish other funds to control and manage money for a specific purpose.

The School has the following fund type:

- Governmental funds – the School’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be 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 fewer financial resources that can be spent in the near future to finance the School’s programs. Because this information does not encompass the additional long-term focus of the School-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Assets

The School's net assets were \$1,203,058 on June 30, 2009 as shown below:

	June 30,	
	2009	2008
Assets:		
Current and other assets	\$1,226,732	\$804,581
Capital assets, net	174,099	118,105
Total assets	<u>1,400,831</u>	<u>922,686</u>
Current liabilities	<u>197,773</u>	<u>249,663</u>
Net assets:		
Invested in capital assets	174,099	118,105
Unrestricted	<u>1,028,959</u>	<u>554,918</u>
Total net assets	<u><u>\$1,203,058</u></u>	<u><u>\$673,023</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Changes in Net Assets

The School's total revenues were \$3,887,330 for the year ended June 30, 2009. Program revenues accounted for 25% of total revenue for the year.

	As of June 30,	
	2009	2008
Revenues:		
Program revenues:		
Operating grants and contributions	\$951,568	\$659,637
Capital grants and contributions	-	4,957
General revenues:		
Local sources	111,037	135,966
State sources	2,824,725	1,892,328
Total revenues	<u>3,887,330</u>	<u>2,692,888</u>
Expenses:		
School support services	647,172	512,633
Regular instruction	1,452,204	755,909
Special education instruction	134,617	46,348
Instructional support services	95,844	24,160
Pupil support services	476,994	314,755
Site, building and equipment	550,464	367,842
Total expenses	<u>3,357,295</u>	<u>2,021,647</u>
Change in net assets	530,035	671,241
Net assets - beginning	<u>673,023</u>	<u>1,782</u>
Net assets - ending	<u><u>\$1,203,058</u></u>	<u><u>\$673,023</u></u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

The financial performance of the School as a whole is reflected in its governmental funds as well. The School had two funds for June 30, 2009. Financial information from the fund statements is as follows:

	2009			2008		
	General Fund	Food Service Fund	Total	General Fund	Food Service Fund	Total
Assets	\$1,208,809	\$21,913	\$1,230,722	\$794,985	\$9,596	\$804,581
Liabilities	179,850	21,913	201,763	240,067	9,596	249,663
Fund balance	<u>\$1,028,959</u>	<u>\$0</u>	<u>\$1,028,959</u>	<u>\$554,918</u>	<u>\$0</u>	<u>\$554,918</u>

	2009			2008		
	General Fund	Food Service Fund	Total	General Fund	Food Service Fund	Total
Revenue	\$3,677,726	\$209,604	\$3,887,330	\$2,544,457	\$148,431	\$2,692,888
Expenditures	3,184,300	228,989	3,413,289	1,989,539	148,431	2,137,970
Other financing sources (uses)	(19,385)	19,385	-	-	-	-
Change in fund balance	<u>\$474,041</u>	<u>\$0</u>	<u>\$474,041</u>	<u>\$554,918</u>	<u>\$0</u>	<u>\$554,918</u>

BUDGETARY INFORMATION

Following approval of the budget prior to the beginning of the fiscal year, the School would normally revise the annual operating budget in mid-year. These budget amendments typically fall into two 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 \$95,157 less than expected or about a 2.6% variance.

The General Fund actual expenditures were \$ 104,282 below budget or about a 3.2% variance.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

While the School's final budget for the General Fund anticipated that revenues would exceed expenditures by \$484,301, the actual results for the year show an excess of \$493,426 for a net difference of \$9,125. The enrollment increased 61% between fiscal year 2008 and 2009. With the substantial increase in the enrollment driven revenues, effective use of available grant funds and maintaining control in increasing expenditures, the School positioned themselves very effectively for fiscal year 2009. This effective financial management has allowed the School to grow over a 30% fund balance in a short two years of full operations.

CAPITAL ASSETS

As of June 30, 2009, the School had capital assets net of accumulated depreciation of \$174,099.

FACTORS BEARING ON THE SCHOOL'S FUTURE

The Board of Directors has mandated that the School management develops balanced budgets and monitor revenues and expenditures throughout the year. The School is dependent on the State of Minnesota for most of its revenue. This revenue source is mostly impacted by two variables: legislation and school enrollment. Recent experience demonstrates that legislative revenue increases have not been sufficient to meet increased costs due to inflation. Due to the anticipated state budget shortfall, an increase in per pupil funding is not expected and has not been assumed in the future year budget.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our stakeholders 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: Neal Thao, Executive Director, 763-255-2460.

BASIC FINANCIAL STATEMENTS

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
STATEMENT OF NET ASSETS
June 30, 2009

Statement 1

	<u>Governmental Activities</u>
Assets:	
Cash	\$820,347
Due from other governments	382,485
Prepaid items	23,900
Capital assets (net of accumulated depreciation)	174,099
Total assets	<u>1,400,831</u>
Liabilities:	
Accounts payable	45,289
Salaries and taxes payable	152,484
Total liabilities	<u>197,773</u>
Net assets:	
Invested in capital assets	174,099
Unrestricted	1,028,959
Total net assets	<u><u>\$1,203,058</u></u>

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

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2009

Statement 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets 2009</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental activities:					
School support services	\$647,172	\$ -	\$48,992	\$ -	(\$598,180)
Regular instruction	1,452,204	-	162,248	-	(1,289,956)
Special education instruction	134,617	-	134,555	-	(62)
Instructional support services	95,844	-	19,979	-	(75,865)
Pupil support services	476,994	-	209,604	-	(267,390)
Site, building and equipment	550,464	-	376,190	-	(174,274)
Total governmental activities	<u>\$3,357,295</u>	<u>\$0</u>	<u>\$951,568</u>	<u>\$0</u>	<u>(2,405,727)</u>
General revenues:					
Local sources					111,037
State sources					2,824,725
Total general revenues					<u>2,935,762</u>
Change in net assets					530,035
Net assets - beginning					<u>673,023</u>
Net assets - ending					<u>\$1,203,058</u>

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

NOBLE ACADEMY
 CHARTER SCHOOL NO. 4171
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2009

Statement 3

	General	Food Service Fund	Governmental Funds 2009
Assets			
Cash	\$820,347	\$ -	\$820,347
Due from other funds	3,990	-	3,990
Due from Minnesota Department of Education	289,757	1,283	291,040
Due from Federal Government through Minnesota Department of Education	70,815	20,630	91,445
Prepaid items	23,900	-	23,900
Total assets	\$1,208,809	\$21,913	\$1,230,722
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$27,366	\$17,923	\$45,289
Due to other funds	-	3,990	3,990
Salaries and taxes payable	152,484	-	152,484
Total liabilities	179,850	21,913	201,763
Fund balance:			
Reserved for prepaid items	23,900	-	23,900
Unreserved:			
Undesignated reported in:			
General Fund	1,005,059	-	1,005,059
Total fund balance	1,028,959	0	1,028,959
Total liabilities and fund balance	\$1,208,809	\$21,913	\$1,230,722

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

Fund balance reported above	\$1,028,959
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds	174,099
Net assets of governmental activities (Statement 1)	\$1,203,058

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

**NOBLE ACADEMY
CHARTER SCHOOL NO. 4171**

Statement 4

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2009

	General	Food Service Fund	Governmental Funds 2009
Revenues:			
Local sources	\$111,037	\$ -	\$111,037
State sources	3,277,644	11,565	3,289,209
Federal sources	289,045	198,039	487,084
Total revenues	<u>3,677,726</u>	<u>209,604</u>	<u>3,887,330</u>
Expenditures:			
School support services	701,334	-	701,334
Regular instruction	1,451,286	-	1,451,286
Special education instruction	134,617	-	134,617
Instructional support services	95,844	-	95,844
Pupil support services	248,005	228,989	476,994
Site, building and equipment	553,214	-	553,214
Total expenditures	<u>3,184,300</u>	<u>228,989</u>	<u>3,413,289</u>
Revenues over (under) expenditures	<u>493,426</u>	<u>(19,385)</u>	<u>474,041</u>
Other financing sources (uses):			
Transfers in	-	19,385	19,385
Transfers out	(19,385)	-	(19,385)
Total other financing sources (uses)	<u>(19,385)</u>	<u>19,385</u>	<u>0</u>
Net change in fund balance	474,041	0	474,041
Fund balance - beginning	<u>554,918</u>	<u>-</u>	<u>554,918</u>
Fund balance - ending	<u>\$1,028,959</u>	<u>\$0</u>	<u>\$1,028,959</u>

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

Revenues over expenditures reported above	\$474,041
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation	(30,755)
Capital outlay	<u>86,749</u>
Change in net assets of governmental activities (Statement 2)	<u>\$530,035</u>

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

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Noble Academy (the School) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the School are described below.

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

A. FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the School (the primary government) and its component units. Generally, component units are legally separate organizations for which the officials of the primary government are financially accountable. The School does not have any component units, nor is it a component unit of any other entity.

The School is sponsored by The Audubon Society of the North Woods. The sponsor has limited oversight responsibility but is not financially accountable for the School. Therefore, the School is not considered a component unit of the sponsor.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* generally are financed through intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not included among program revenues are reported instead as *general revenues*.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

As required by State Statute, the 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 accounting structure.

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 as revenue as soon as 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, grants, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Fund Financial Statements: The fund financial statements provide information about the School's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School reports the following major governmental funds:

The *General Fund* is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

The *Food Service Fund* is used to account for food service revenues and expenditures.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

D. 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.

In accordance with FSP FIN 48-3, the School has elected to defer until next year the implementation of FASB Interpretation 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* as an Interpretation of FASB Statement No. 109. Management believes the School does not have any significant uncertain tax provisions and therefore does not expect FIN 48 to have a significant effect for the School.

E. BUDGETS

A budget for each fund is prepared on the same basis of accounting as the financial statements. The School's Board adopts an annual budget for the following fiscal year for the General and Special Revenue Funds. Legal budgetary control is at the fund level. Budgeted amounts are as originally adopted or as amended by the Board. Budgeted expenditure appropriations lapse at year end. Encumbrance accounting is not used.

F. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$1,500, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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 depreciated using the straight-line method over the following estimated useful lives:

Furniture and equipment	5 - 20 years
Vehicles	7 years

H. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

I. ASSETS, LIABILITIES AND FUND EQUITY

Deferred Revenue

Deferred revenue represents amounts received under grant programs but not expended in the current year. Such amounts are deferred until subsequent periods when the funds are expended.

Fund Equity

Fund balances of governmental fund types are classified as unreserved, undesignated which represents that portion of fund balance which is available for expenditures in future periods.

J. STUDENT ACTIVITIES

There were no student activities that were not under Board control.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the School maintains deposits at those depository banks authorized by the School Board, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all School 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 bonds. Authorized collateral is outlined in Minnesota Statutes. The School does not have a deposit policy that is more restrictive than Minnesota Statutes.

At June 30, 2009, all of the School's deposits were covered by insurance.

B. INVESTMENTS

The School may also invest idle funds as authorized by Minnesota Statutes, as follows: direct obligations or obligations guaranteed by the United States of its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
NOTES TO FINANCIAL STATEMENTS
June 30, 2009



“A” or better; revenue obligations rated “AA” or better, general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States’ bank eligible for purchase by the Federal Reserve System; commercial paper issued by United States’ corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Credit risk – State law limits investments as discussed above. The School has no investment policy that would further limit its investment choices.

At June 30, 2009, the School had \$803,102 invested in a Federated money market mutual fund that invests primarily in short-term U.S. Treasury Securities. The fund is rated AAAM by Standard & Poors.

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Furniture and equipment	\$103,239	\$86,749	\$ -	\$189,988
Vehicles	26,736	-	-	26,736
Total	<u>129,975</u>	<u>86,749</u>	<u>0</u>	<u>216,724</u>
Less accumulated depreciation for:				
Furniture and equipment	9,960	26,936	-	36,896
Vehicles	1,910	3,819	-	5,729
Total	<u>11,870</u>	<u>30,755</u>	<u>0</u>	<u>42,625</u>
Capital assets - net	<u>\$118,105</u>	<u>\$55,994</u>	<u>\$0</u>	<u>\$174,099</u>

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
School support services	\$29,767
Regular instruction	\$917
Site, building, and equipment	71
	<u>\$30,755</u>

Note 4 PENSION PLANS

A. PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION (PERA)

PLAN DESCRIPTION

All full-time and certain part-time employees of the School (other than teachers) are covered by a defined benefit plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The School does not have any employees participating under the Basic Plan.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651)296-7460 or (800)652-9026.

FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the state legislature. The School makes annual contributions to the pension plans equal to the amount required by State Statutes. PERF Coordinated Plan members are required to contribute 6.0%, of their annual covered salary in 2008. The School is required to contribute 6.5% through December 31, 2008 and 6.75% thereafter. The School's contributions for the years ending June 30, 2009, 2008 and 2007 were

\$19,950, \$12,158 and \$2,100, respectively. The School's contributions were equal to the contractually required contributions for each year as set by State Statute.

B. TEACHERS' RETIREMENT ASSOCIATION (TRA)

PLAN DESCRIPTION

All teachers employed by the School are covered by a cost-sharing, multiple employer defined benefit plan administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356. The School does not have any employees participating under the Basic Plan.

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

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA web site, www.tra.state.mn.us. Alternatively a copy of the report may be obtained by writing or calling TRA at 60 Empire Drive Suite 400, St. Paul, Minnesota 55103-4000, (651)296-6449, (800)657-3853.

FUNDING POLICY

Minnesota Statutes Chapter 354.42 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. Coordinated Plan members are required to contribute 5.5%, of their annual covered salary. The School is required to contribute 5.5% of annual covered payroll. The School's contributions for the years ended June 30, 2009, 2008 and 2007 were \$60,440, \$27,812 and \$0, respectively, which were materially equal to the required contributions for each year as set by State Statute.

Note 5 **COMMITMENTS AND CONTINGENCIES**

A. GRANTS

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 funds. 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. The federal financial assistance received may be subject to an audit pursuant to OMB Circular A-133 or audits by the grantor agency.

B. LITIGATION

The School has litigation arising from the normal course of business. In management's opinion, existing and pending lawsuits, claims and other actions in which the School is a defendant are either covered by insurance; or an immaterial amount; or remotely recoverable by plaintiffs. Accordingly, no liabilities have been recorded.

C. 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; and natural disasters. The School purchases commercial insurance for such risks. Settled claims resulting from these risks have not exceeded insurance coverage in the past two fiscal years.

D. LEASE COMMITMENTS

On September 1, 2008, the School entered into a lease agreement for educational space through September 2013. Total cost for the building lease for the year ended June 30, 2009 was \$388,533. The School terminated this lease effective September 1, 2009.

On August 20, 2009, the School entered into a three year building lease agreement with MCA Holdings, Inc. commencing on September 1, 2009. Annual minimum lease payments for the lease will be the greater of \$466,550 or \$1,333 per "pupil units" as defined by Minnesota Statutes 126.C05.

REQUIRED SUPPLEMENTARY INFORMATION

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended June 30, 2009
With Comparative Actual Amounts For The Year Ended June 30, 2008

	2009				2008 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	
	Original	Final			
Revenues:					
Local sources	\$115,000	\$34,500	\$111,037	\$76,537	\$135,966
State sources	2,872,864	3,435,785	3,277,644	(158,141)	2,157,903
Federal sources	278,756	302,598	289,045	(13,553)	250,588
Total revenues	3,266,620	3,772,883	3,677,726	(95,157)	2,544,457
Expenditures:					
School support services:					
Current:					
Salaries	285,000	275,000	303,032	28,032	224,271
Employee benefits	58,235	58,235	66,096	7,861	52,532
Purchased services	265,782	263,582	254,966	(8,616)	194,606
Supplies and materials	13,500	62,326	54,374	(7,952)	42,453
Other expenditures	7,000	12,533	8,647	(3,886)	11,447
Capital expenditures	6,500	14,219	14,219	-	87,667
Total school support services	636,017	685,895	701,334	15,439	612,976
Regular instruction:					
Current:					
Salaries	906,383	895,928	973,981	78,053	498,279
Employee benefits	151,391	151,390	165,153	13,763	82,130
Purchased services	46,409	51,179	49,074	(2,105)	19,831
Supplies and materials	200,281	255,355	222,172	(33,183)	147,376
Other expenditures	5,400	10,633	7,610	(3,023)	-
Capital expenditures	17,733	41,630	33,296	(8,334)	24,273
Total regular instruction	1,327,597	1,406,115	1,451,286	45,171	771,889
Special education instruction:					
Current:					
Salaries	81,687	88,336	88,337	1	20,000
Employee benefits	12,500	5,120	13,535	8,415	2,711
Purchased services	18,855	32,823	32,300	(523)	22,237
Supplies and materials	445	445	445	-	1,400
Total special education instruction	113,487	126,724	134,617	7,893	46,348
Instructional support services:					
Current:					
Salaries	65,491	65,491	69,678	4,187	10,023
Employee benefits	5,312	5,312	9,570	4,258	1,005
Purchased services	1,000	31,093	16,596	(14,497)	11,031
Supplies and materials	-	-	-	-	2,101
Total instructional support services	71,803	101,896	95,844	(6,052)	24,160
Pupil support services:					
Current:					
Purchased services	237,039	249,985	244,637	(5,348)	136,847
Supplies and materials	2,299	2,947	2,977	30	4,266
Other expenditures	300	500	391	(109)	25,211
Total pupil support services	239,638	253,432	248,005	(5,427)	166,324

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended June 30, 2009
 With Comparative Actual Amounts For The Year Ended June 30, 2008

	2009			Variance with Final Budget - Over (Under)	2008 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Expenditures: (continued)					
Site, building and equipment:					
Current:					
Purchased services	\$498,282	\$596,809	\$468,646	(\$128,163)	\$353,728
Supplies and materials	4,401	2,116	1,419	(697)	829
Capital expenditures	32,600	115,595	83,149	(32,446)	13,285
Total site, building and equipment	535,283	714,520	553,214	(161,306)	367,842
Total expenditures	2,923,825	3,288,582	3,184,300	(104,282)	1,989,539
Revenues over expenditures	342,795	484,301	493,426	9,125	554,918
Other financing sources (uses):					
Transfer to Food Service Fund	-	-	(19,385)	(19,385)	-
Net change in fund balance	\$342,795	\$484,301	474,041	(\$10,260)	554,918
Fund balance - beginning			554,918		-
Fund balance - ending			\$1,028,959		\$554,918

**NOBLE ACADEMY
CHARTER SCHOOL NO. 4171**

Statement 6

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FOOD SERVICE SPECIAL REVENUE FUND
For The Year Ended June 30, 2009
With Comparative Actual Amounts For The Year Ended June 30, 2008

	2009			Variance with Final Budget - Over (Under)	2008 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
State sources	\$8,500	\$11,485	\$11,565	\$80	\$8,760
Federal sources	106,755	182,700	198,039	15,339	139,671
Total revenues	<u>115,255</u>	<u>194,185</u>	<u>209,604</u>	<u>15,419</u>	<u>148,431</u>
Expenditures:					
Pupil support services:					
Current:					
Purchased services	<u>156,781</u>	<u>224,606</u>	<u>228,989</u>	<u>4,383</u>	<u>148,431</u>
Revenues over (under) expenditures	(41,526)	(30,421)	(19,385)	11,036	0
Other financing sources (uses):					
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>19,385</u>	<u>19,385</u>	<u>-</u>
Net change in fund balance	<u>(\$41,526)</u>	<u>(\$30,421)</u>	<u>0</u>	<u>\$30,421</u>	<u>0</u>
Fund balance - beginning			<u>-</u>		<u>-</u>
Fund balance - ending			<u>\$0</u>		<u>\$0</u>

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
June 30, 2009

Note A LEGAL COMPLIANCE – BUDGETS

The General and Special Revenue Funds budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

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INDIVIDUAL FUND STATEMENTS

NOBLE ACADEMY
CHARTER SCHOOL NO. 4171
BALANCE SHEET - GENERAL FUND
June 30, 2009
With Comparative Amounts For June 30, 2008

Statement 7

Assets	2009	2008
Cash and investments	\$820,347	\$443,596
Due from other funds	3,990	-
Due from Minnesota Department of Education	289,757	293,231
Due from Federal Government through Minnesota Department of Education	70,815	55,125
Prepaid items	23,900	3,033
 Total assets	 \$1,208,809	 \$794,985
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$27,366	\$17,201
Deferred revenue	-	146,462
Salaries payable	152,484	76,404
Total liabilities	179,850	240,067
 Fund balance:		
Reserved for prepaid items	23,900	3,033
Unreserved, undesignated	1,005,059	551,885
Total fund balance	1,028,959	554,918
 Total liabilities and fund balance	 \$1,208,809	 \$794,985

**NOBLE ACADEMY
CHARTER SCHOOL NO. 4171**

Statement 8

BALANCE SHEET - FOOD SERVICE SPECIAL REVENUE FUND

June 30, 2009

With Comparative Amounts For June 30, 2008

Assets	<u>2009</u>	<u>2008</u>
Due from Minnesota Department of Education	\$1,283	\$574
Due from Federal Government through Minnesota Department of Education	<u>20,630</u>	<u>9,022</u>
 Total assets	 <u><u>\$21,913</u></u>	 <u><u>\$9,596</u></u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$17,923	\$9,596
Due to other funds	<u>3,990</u>	<u>-</u>
Total liabilities	<u>21,913</u>	<u>9,596</u>
 Fund balance:		
Unreserved, undesignated	<u>-</u>	<u>-</u>
 Total liabilities and fund balance	 <u><u>\$21,913</u></u>	 <u><u>\$9,596</u></u>

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SUPPLEMENTAL INFORMATION

Fiscal Compliance Report - 6/30/2009
District: NOBLE ACADEMY (4171-7) Help
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	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$3,577,726	\$3,677,727	(\$1)	Total Revenue	\$0	\$0	\$0
Total Expenditures	\$3,184,300	\$3,184,302	(\$2)	Total Expenditures	\$0	\$0	\$0
<i>Reserved:</i>				<i>Reserved:</i>			
4.03 Staff Development	\$0	\$0	\$0	4.07 Capital Projects Levy	\$0	\$0	\$0
4.05 Deferred Maintenance	\$0	\$0	\$0	4.09 Alternative Facility Program	\$0	\$0	\$0
4.06 Health and Safety	\$0	\$0	\$0	4.13 Project Funded by COP	\$0	\$0	\$0
4.07 Capital Projects Levy	\$0	\$0	\$0	4.19 Encumbrances	\$0	\$0	\$0
4.08 Cooperative Revenue	\$0	\$0	\$0	<i>Unreserved:</i>			
4.11 Severance Pay	\$0	\$0	\$0	4.22 Unreserved/Undesignated	\$0	\$0	\$0
4.14 Operating Debt	\$0	\$0	\$0	07 DEBT SERVICE			
4.16 Levy Reduction	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
4.17 Taconite Building Maint	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
4.19 Encumbrances	\$0	\$0	\$0	<i>Reserved:</i>			
4.23 Certain Teacher Programs	\$0	\$0	\$0	4.25 Bond Refundings	\$0	\$0	\$0
4.24 Operating Capital	\$0	\$0	\$0	4.51 QZAB Payments	\$0	\$0	\$0
4.26 \$25 Taconite	\$0	\$0	\$0	<i>Unreserved:</i>			
4.27 Disabled Accessibility	\$0	\$0	\$0	4.22 Unreserved/Undesignated	\$0	\$0	\$0
4.28 Learning & Development	\$0	\$0	\$0	08 TRUST			
4.34 Area Learning Center	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
4.35 Contracted Alt. Programs	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
4.36 State Approved Alt. Program	\$0	\$0	\$0	<i>Reserved:</i>			
4.38 Gifted & Talented	\$0	\$0	\$0	4.19 Encumbrances	\$0	\$0	\$0
4.41 Basic Skills Programs	\$0	\$0	\$0	<i>Unreserved:</i>			
4.45 Career Tech Programs	\$0	\$0	\$0	4.22 Unreserved/Undesignated	\$0	\$0	\$0
4.46 First Grade Preparedness	\$0	\$0	\$0	09 AGENCY			
4.49 Safe School Crime	\$0	\$0	\$0	<i>Unreserved:</i>			
4.50 Pre-Kindergarten	\$0	\$0	\$0	4.22 Unreserved/Undesignated	\$0	\$0	\$0
4.51 QZAB Payments	\$0	\$0	\$0	20 INTERNAL SERVICE			
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
<i>Unreserved:</i>				<i>Reserved:</i>			
4.18 Severance-Ins. Premium	\$0	\$0	\$0	4.19 Encumbrances	\$0	\$0	\$0
4.22 Unreserved/Undesignated	\$1,028,959	\$1,028,957	\$2	<i>Unreserved:</i>			
02 FOOD SERVICES				4.22 Unreserved/Undesignated	\$0	\$0	\$0
Total Revenue	\$209,604	\$209,604	\$0	25 OPEB REVOCABLE TRUST			
Total Expenditures	\$228,999	\$228,990	(\$1)	Total Revenue	\$0	\$0	\$0
<i>Reserved:</i>				Total Expenditures	\$0	\$0	\$0
4.11 Severance	\$0	\$0	\$0	<i>Reserved:</i>			
4.19 Encumbrances	\$0	\$0	\$0	4.19 Encumbrances	\$0	\$0	\$0
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0	<i>Unreserved:</i>			
<i>Unreserved:</i>				4.22 Unreserved/Undesignated	\$0	\$0	\$0
4.18 Severance-Ins. Premium	\$0	\$0	\$0	45 OPEB IRREVOCABLE TRUST			
4.22 Unreserved/Undesignated	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
04 COMMUNITY SERVICE				Total Expenditures	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	<i>Reserved:</i>			
Total Expenditures	\$0	\$0	\$0	4.19 Encumbrances	\$0	\$0	\$0
<i>Reserved:</i>				<i>Unreserved:</i>			
4.11 Severance	\$0	\$0	\$0	4.22 Unreserved/Undesignated	\$0	\$0	\$0
4.19 Encumbrances	\$0	\$0	\$0	47 OPEB DEBT SERVICE			
4.26 \$25 Taconite	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
4.31 Community Education	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
4.32 E.C.F.E	\$0	\$0	\$0	<i>Reserved:</i>			
4.44 School Readiness	\$0	\$0	\$0	4.25 Bond Refundings	\$0	\$0	\$0
4.47 Adult Basic Education	\$0	\$0	\$0	<i>Unreserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0	4.22 Unreserved/Undesignated	\$0	\$0	\$0
<i>Unreserved:</i>							
4.18 Severance-Ins. Premium	\$0	\$0	\$0				
4.22 Unreserved/Undesignated	\$0	\$0	\$0				

Unaudited Data Reporting Elements

FY09 SAFE SCHOOL MAINTENANCE OF EFFORT

MCE Base Year Expenditures	\$0.00
MCE FTE	0.00

FY09 OPERATING CAPITAL TRANSFER

Per Pupil Amount	\$0.00
AMCPU	\$0.00
Total Transfer	\$0.00

OTHER REQUIRED REPORTS

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Tautges Redpath, Ltd.

Certified Public Accountants and Consultants

**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
Noble Academy
Charter School No. 4171
Minneapolis, Minnesota

We have audited the financial statements of the governmental activities and each major fund, of Noble Academy, as of and for the year ended June 30, 2009, which collectively comprise Noble Academy’s basic financial statements and have issued our report thereon dated December 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Noble Academy’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Noble Academy’s internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Noble Academy’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Noble Academy’s internal control.


Noble Academy
Report on Internal Control over Financial Reporting
And on Compliance and Other Matters

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noble Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, the Minnesota Department of Education and state and federal awarding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.


HLB TAUTGES REDPATH, LTD.
White Bear Lake, Minnesota

December 10, 2009



Tautges Redpath, Ltd.

Certified Public Accountants and Consultants

**REPORT ON COMPLIANCE WITH MINNESOTA LEGAL
COMPLIANCE AUDIT GUIDE FOR LOCAL GOVERNMENT**

To the Board of Directors
Noble Academy
Charter School No. 4171
Minneapolis, Minnesota

We have audited the financial statements of Noble Academy, as of and for the year ended June 30, 2009 and have issued our report thereon dated December 10, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government* promulgated by the State Auditor pursuant to Minnesota Statutes Section 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* covers two main categories of compliance to be tested: uniform financial accounting and reporting standards, and charter schools. Our study included the listed categories.

The results of our tests indicate that for the items tested, Noble Academy complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Board of Directors, management, the Minnesota Department of Education, and the Office of the Minnesota State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

HLB Tautges Redpath, Ltd.

HLB TAUTGES REDPATH, LTD.
White Bear Lake, Minnesota

December 10, 2009

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