

**Cape Fear Center for Inquiry
Board of Directors Agenda
November 16, 2017- 6:00pm**

***Nurturing a Sense of Wonder.** Cape Fear Center for Inquiry is committed to promoting students' abilities to think and create in personally meaningful ways through an inquiry-based, integrated curriculum in a nurturing and empowering environment.*

Roll Call Ashley Cooksley, Lisa Sharpe, Cathey Luna, Kelly Dodd, Jennifer LaFleur, Todd Fischer, Lauren Lombardi, Stephen Hill, Beth Carter, Lisa Buchanan, Kristin Hudson, Cathi Mintz, Lori Roy

Time	Subject	Chair/Presenter	Activity
6:00pm	<i>Call to Order</i>	Ashley Cooksley	Action
6:01	<i>Approval of Minutes: 10/17/17</i>	Ashley Cooksley	Action
6:02	<i>Visiting Faculty*</i>	TBD	Information
6:07	<i>Visiting Parent or Community Members*</i>	TBD	Information
	<i>Committee Reports:</i>		
6:15	<i>Partnership</i> <ul style="list-style-type: none"> Committee Report 	Stephen Hill	Information
6:25	<i>Life Long Learning</i> <ul style="list-style-type: none"> Committee Report 	Jennifer Paetzold	Information
6:25	<i>Director's Report</i> <ul style="list-style-type: none"> PCN Update General information update 	Lori Roy	Information/ Discussion/ Action
6:45	<i>Technology Committee</i> <ul style="list-style-type: none"> Committee Report 	Cathi Mintz	Information
6:55	<i>Finance</i> <ul style="list-style-type: none"> Committee and Budget Reports/Dashboard 990 Tax Form Audit Presentation will be January 16, 2017 at the board meeting. 	Kathy Rettig	Information/ Discussion/Action
7:05	<i>Policy and Procedure Review</i> <ul style="list-style-type: none"> Committee Report 	Jennifer Solomon	Information
7:15	<i>Development Committee</i> <ul style="list-style-type: none"> Committee Report Feasibility Discussion- <i>Closed Session</i> 	Todd Fischer/ Lori Roy	Information/Discussion/ Action
7:35	<i>Executive Committee</i> <ul style="list-style-type: none"> Educational Leave Policy - adhoc 	Ashley Cooksley	Information / Discussion

	review- update • Board Resignation		
7:35	<i>Other Announcements and/or Upcoming events:</i> <ul style="list-style-type: none"> • Next Executive Committee Meeting: <i>None for Dec. mtg.</i> • Next Board Meeting- Dec. 2nd 11am- Art Room at CFCI (Winter Festival) • December Board Social- Dec. 4th 	Ashley Cooksley	Information
7:40	<i>Closed Session for meeting critique (NC statute 143-318.11)</i>	Ashley Cooksley	Discussion
7:42	<i>Adjournment</i>	Ashley Cooksley	Action

Board Agenda Requests: If you would like to request that an item be added to the Board agenda, please e-mail the Board Secretary, Beth Carter at bcarter@cfc.net with “CFCI Board Agenda” in the subject line, or place the request in his box in the main school office. The agenda request must include the subject, a brief synopsis of what you would like to present, the amount of time requested, any handouts you would like to distribute, and whether your request is informational, discussion, and/or requests board action.

All requests and materials need to be submitted by noon on the first Friday of the month. Items not received by this time will not be considered for the following month’s Board meeting. The Board Executive Committee reserves the right to determine whether the item is added to the agenda, to ask for additional information, or to redirect the request to an appropriate committee or person.

**Cape Fear Center for Inquiry
Board of Directors Agenda
November 16, 2017- 6:00pm**

***Nurturing a Sense of Wonder.** Cape Fear Center for Inquiry is committed to promoting students' abilities to think and create in personally meaningful ways through an inquiry-based, integrated curriculum in a nurturing and empowering environment.*

Roll Call Ashley Cooksley, Wes Rose, Lisa Sharpe, Jennifer LaFleur, Todd Fischer, Lauren Lombardi, Stephen Hill, Kristin Hudson, Cathi Mintz, Lori Roy, Beth Carter (arrived @ 6:30)

Absent: Lisa Buchanan, Kelly Rooney, Cathey Luna

Time	Subject	Chair/Presenter	Activity
6:00pm	<i>Call to Order</i>	Ashley Cooksley	Action
6:01	<i>Approval of Minutes: 10/17/17</i>	Ashley Cooksley	Action
6:02	<i>Visiting Faculty*</i>	TBD	Mike Rheel – acknowledged Jennifer Paetzold's resignation and spoke of the support he has received from her and admin., the value he feels in being an employee of the school, the admiration he has for those who serve on the board and the overall positives he feels being an employee of the school. Brandt Hart – shared positive experiences at CFCI and attributed many of them to Jennifer Paetzold as well. He also spoke about being thankful to work at CFCI.
6:07	<i>Visiting Parent or Community Members*</i>	TBD	No one signed up to speak.
	<i>Committee Reports:</i>		
6:15	<i>Partnership</i> <ul style="list-style-type: none">• Committee Report	Stephen Hill	Committee Report – Fund the Wonder total has been updated to approximately \$10,000! Great Job Partnership!!!!
6:25	<i>Life Long Learning</i> <ul style="list-style-type: none">• Committee Report	Lori Roy and Gina Faragher for Jennifer Paetzold	Committee Report - recent discussion about doing a book study – loops discussed this – some resistance – L3 will look at additional options/inspiring steps going forward
6:25	<i>Director's Report</i> <ul style="list-style-type: none">• PCN Update• General information update• Jennifer Paetzold's resignation	Lori Roy	Canned food drive kickoff was impactful, Mike Rheel obtained news coverage and added new feature – students made 16,000 chains to represent the number of people dependent on the food bank in our county.

	<ul style="list-style-type: none"> acknowledged JP's contributions and shared job description for new vacant position has been posted. 		<p>Angel tree will kick off at turkey trot.</p> <p>PCN – committee discussed water (GenX related issues) – will plan to issue statement from PCN.</p> <p>Lego Robotics – Lego mini academy starting. Competition December 9th. Theme hydro dynamics Team is looking at water waste. Team will present at future board meeting.</p> <p>Jennifer Paetzold's resignation – Lori shared portion of speech she previously shared with staff</p>
6:45	<p><i>Technology Committee</i></p> <ul style="list-style-type: none"> Committee Report 	Cathi Mintz	<p>Committee met and is looking at developing a new technology plan with concrete goals and how to enhance inquiry in academic instruction. Looking at 1:1 initiatives and how it integrates into academics.</p> <p>EOG testing – one collection of CB's makes sense.</p> <p>Old laptops – teachers like iPads in classroom but like access to laptops when needed.</p> <p>Action item – discuss with loops how CB's are being used</p>
6:55	<p><i>Finance</i></p> <ul style="list-style-type: none"> Committee and Budget Reports/Dashboard 990 Tax Form Audit Presentation will be January 16, 2017 at the board meeting. 	Kathy Rettig	<p>Kathy Coke shared that she has met with two fence companies and feels that we may have to go through permitting with the City in order to get the K-3 fence repaired/replaced. She will meet with a third to get bids. There is an erosion problem and we may have to pursue French drains or weep holes. She is waiting to hear back from the companies with their bids.</p> <p>The auditor will come to CFCI in January to present the audit to the board. There were no negative findings.</p> <p>Kathy Coke asked that we vote to approve the 990 tax form. Kristin Hudson motioned to approve. Lauren Lombardi seconded. The motion passed.</p>
7:05	<p><i>Policy and Procedure Review</i></p> <ul style="list-style-type: none"> Committee Report 	Jennifer Solomon	<p>PPRC reviewed the Parent and Family Engagement Policy. The policy includes things we are already doing for the most part. It was sent to the staff and discussed yesterday. The faculty has sent it to the Board for a first read. Ashley Luna asked if we can wait till January for a vote, and Kathy Coke will post a draft of it on the</p>

			website.
7:15	<i>Development Committee</i> <ul style="list-style-type: none"> Committee Report Feasibility Discussion- <i>Closed Session</i> 	Todd Fischer/ Lori Roy	<p>The committee received a proposal from George Johnson to enter into a contractual agreement for him to provide consulting services to complete a feasibility study as to how to proceed in pursuing a way to solve our parking problem.</p> <p>Lauren Lombardi voted to go into closed session. Kristin Hudson seconded. All were in favor.</p> <p>Todd Fischer voted to approve the Hillmont Proposal pending our attorney's review and factors discussed in closed session. Lauren Lombardi seconded. Motion passed.</p>
7:35	<i>Executive Committee</i> <ul style="list-style-type: none"> Educational Leave Policy - adhoc review- update Board Resignation 	Ashley Cooksley	<p>Sam DePrisco is going to present information to the faculty concerning her meeting with Joanne Brinkley and Ashley about the Educational Leave Policy. Sam will bring back information to the Board from the faculty.</p> <p>Cathey Luna resigned from her board seat.</p>
7:35	<i>Other Announcements and/or Upcoming events:</i> <ul style="list-style-type: none"> Next Executive Committee Meeting: <i>None for Dec. mtg.</i> Next Board Meeting- Dec. 2nd 11am- Art Room at CFCI (Winter Festival) December Board Social- Dec. 4th 	Ashley Cooksley	See the reminders in left column for upcoming dates.
7:42	<i>Adjournment</i>	Ashley Cooksley	Todd Fischer moved to adjourn. Lauren Lombardi seconded. All approved.

Board Agenda Requests: If you would like to request that an item be added to the Board agenda, please e-mail the Board Secretary, Beth Carter at bcarter@cfc.net with "CFCI Board Agenda" in the subject line, or place the request in his box in the main school office. The agenda request must include the subject, a brief synopsis of what you would like to present, the amount of time requested, any handouts you would like to distribute, and whether your request is informational, discussion, and/or requests board action.

All requests and materials need to be submitted by noon on the first Friday of the month. Items not received by this time will not be considered for the following month's Board meeting. The Board Executive Committee reserves the right to determine whether the item is added to the agenda, to ask for additional information, or to redirect the request to an appropriate committee or person.

Minutes from CFCI Partnership Exec Board Meeting

Monday, Nov. 6, 2017 during Book Fair Family Night

In attendance: Ben Rose, Emily Luther, Stephen Hill, Angela Carson

Winter Festival: Time change! New time is Saturday, Dec. 2nd, 10:00-1:00. The knocker ball vendor was too expensive to have until 2 and we didn't want to disappoint any kids.

This year we will have bouncy houses, raffle baskets, knocker ball (see Facebook or Google it) and I hear it may snow??? Games and crafts are still being decided. We will sell hot dogs and drinks and have a bake sale.

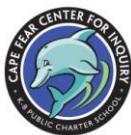
We discussed how to best spend the money we have to reach as many children as possible. We do not want to be a savings account.

All hands on deck for Winter Festival. Next meeting date TBD

Voted to go forward with a t-shirt contest if Lori says ok. Launch idea and forms at Winter Festival. Vote on finalists at Partnership Family Fun Night on Jan. 18th, 2018.

--Angela Carson

Since our meeting on Nov. 6th the exec board has voted to put \$8,000 toward having the entire faculty trained on Responsive Classroom. Very exciting!



Parent Collaborative Network Agenda

Tuesday, November 7, 2017

Members Present: Jenny Whitney, Sarah Raper, Elaine Jack, Keri Wray, Kelly Flowers, Angela Carson, Lori Roy

Visitors: Tiffany Walker

Date: 11/7/17

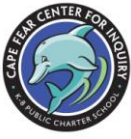
Time: 8:15am

Location: CFCI Museum Room

ANNOUNCEMENTS:

DISCUSSION:

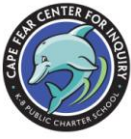
Giftedness	15 minutes	<p>Lori shared with the group that we are developing a process for identifying giftedness. Not an AIG program, but an integrated system for identifying student needs, differentiating work, proving in depth thinking and doing so through enrichment plans under the MTSS model.</p> <p>Goal is to have a rough draft of the process in place with a group in the spring.</p> <p>Social/Emotional- we will be working with teachers, counselor and school psychologist to make sure these students have an outlet of support</p> <p>Concerns over the giftedness label and how that can have a positive/negative impact with students individually and the perception of students as a whole, so being careful with how we do this.</p> <p>Jenny shared that she is thrilled with individualized education this year!</p> <p>Elaine shared her appreciation of the investment in children at the school.</p> <p>Discussion over continuing to handle students in the way that we do that the risk of "labeling."</p>
Movies in the classroom	10 minutes	<p>Types of movies in classroom, not necessarily educationally focuses. Intensity, fear-factor, and timing concerns. Choice of movie selection.</p> <p>Discussion over had it been brought back to the teachers. Lunch time, indoor "recess," etc.</p>



Parent Collaborative Network Agenda

Tuesday, November 7, 2017

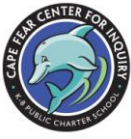
		<p>concerns.</p> <ul style="list-style-type: none"> - Morning care is a huge element - Class content <p>PPRC will be discussing- it on today's meeting agenda. We will be looking at guidelines for Morning Care and procedures for showing movies in the classroom (core content, etc.) as well as "survival mode."</p> <p>Reminder that the "fall back" can certainly be media sometimes, but not all the time.</p> <p>PCN wants to be clear that they completely trust teachers to make these calls, they were just curious about the process for ensuring curricular connections, etc..</p>
Gen-X	15 minutes	<ul style="list-style-type: none"> - Some families concerned over school addressing concern. - Discussion over research that members have done. RO system pros and cons. CFPUA shows that it is getting better, but still not meeting minimum standards. - Discussion over children being able to bring in multiple bottles of water. - Suggestion: Share that this is what we are doing now, here are suggestions for families. - Help families understand that it is more than just - Funding, county says it is safe, if families disagree it is personal responsibility (example: eating organic food), likely cost replacing the water fountain in addition to filters. - Kathy shared that water fountains on sinks had to be removed. <p>Action: Kelly and Elaine will craft an email for families.</p>
Fundraising Snapshot	10 minutes	<p>Discussion over the document Jenny and Angela created- looks great, thank you!</p> <p>It is four pages long, so if parents are filling like we fundraise a lot, it is because we do.</p>



Parent Collaborative Network Agenda

Tuesday, November 7, 2017

		<p>Discussed the need to re-categorize: Fundraising Events, Social/Community Give Back events, Other Fundraisers...</p> <p>Title: Opportunities to Support CFCI</p> <p>Committee will take another look and give feedback to Jenny on the document.</p>
Supply/School Pak update	10 minutes	<p>Survey went out, getting feedback. Angela and Lori will touch base with Sandy this month to see the results.</p>
General Updates from members	15 minutes	<ul style="list-style-type: none">- K-3 Fence Update- Kathy Coke joined us, shared that we have covered rebar/temporary fix. The job is bigger than a simple fence. Kathy shared that if you know someone who is willing to give a bid to have them contact Kathy Coke- kcoke@cfc.net. Kelly has some contacts she will reach out to and direct them to Kathy.- Dress Code questions/concerns- Talked about the nature of dress codes often being geared towards females and being able to address those concerns without hurting their body image. PCN feels teaching an understanding of rules being in place for a reason and that this has nothing to do with bodies, distractions, etc. is important. If parents have concerns and have alternative solutions, Mrs. Roy is absolutely open to hearing them.- Hot Lunch revisit- Discussed similar logistical and commitment concerns as last month's meeting. PCN let the



Parent Collaborative Network Agenda Tuesday, November 7, 2017

		individual know that if she wants further discussion that she could come to the meeting. Parent did not come today. PCN feedback- we struggle to arrange hot lunch one day a week, we do not have a cafeteria.
--	--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

ACKNOWLEDGEMENTS:

Kelly is thankful for everyone for the card and positive thoughts in her recovery!

FUTURE DISCUSSION ITEMS:



CFCI Meeting Agenda

Technology Committee

Date: 11.2.17

Present: Cathi Mintz, Ruben, Jennifer P. Kathy Coke, Jess, Todd, Joanne

Visitors:

Next meeting: December 7, 2017

I. Topic: Technology Plan

Discussion:

Tech Committee need to define goals for technology in the building. How will be use technology to enhance our inquiry and academic instruction. Things to consider: school wide software, rotation of chromebooks, what categories do we need to include in these goals, shifting computer lab to STEM lab?

Action or Request (if any) Jennifer will look for 1:1 districts and their tech plans.

II. Topic: EOG Testing - Loop Feedback

Discussion: One collection makes more sense. As soon as we know the collection date, we can plan accordingly. Inspect CBs periodically to catch missing keys, etc. Would be good idea to inspect periodically throughout the year.

Action or Request (if any)

III. Topic: Chromebook Use in Classrooms

Discussion

Action or Request (if any) Discuss with Loop levels how Chromebooks are being utilized in the classroom. Be sure to get good academic detail.

IV. Topic: Laptop Distribution Update

Discussion: K-3 prefer ipads and would rather have those than laptops. As long as laptop cart is fully functional, they are good. Paul will keep extra as repairs.

Action or Request (if any)

Other Discussion Items: Is there an e-reader available for Chromebooks? What about the possibility of using One Note for Math.



CFCI Meeting Minutes

Policy and Procedure Review Committee

Date: 11/7/17

Present: Shannon Shanks, Amy Pierce, Kathy Coke

Visitors:

Next meeting: TBD

Discussion: We will look at Title I requirements for the Parent and Family Engagement Policy.

Action or Request (if any)

1. Update existing draft as needed

I. Topic: Discussed Title I grant and requirements for Parent and Family Engagement Policy. Kathy Coke provided additional details about the grant.

Discussion

. Current draft "Parental Involvement Policy" needs name revision to reflect requirements as shown on grant paperwork.

Action or Request (if any)

Committee approved this change policy will now be entitled "Parent and Family Engagement Policy."

II. Topic:

Discussion

Action or Request (if any)

III. Topic

Discussion

Action or Request (if any)

V. Topic

Discussion

Action or Request (if any)

Date: 11/06/2017
Time: 9:23 am

CAPE FEAR CENTER FOR INQUIRY
BUDGET REPORT
From 10/1/2017 to 10/31/2017

Page 1 of 5

REVENUE

STATE REVENUE

Rev - Summer Reading Program	\$14,342.00	\$1,168.78	\$3,088.75	\$11,253.25	78.46%
Rev - Behavior Support - 029	\$50,000.00	\$3,447.00	\$13,648.50	\$36,351.50	72.70%
Rev - Charter Schools - 036	\$2,342,779.62	\$174,972.15	\$724,509.00	\$1,618,270.62	69.07%
TOTAL STATE REVENUE	\$2,407,121.62	\$179,587.93	\$741,246.25	\$1,665,875.37	69.21%

LOCAL REVENUE

Rev - Sales Tax	\$5,000.00	\$0.00	\$0.00	\$5,000.00	100.00%
Rev - Field Trip	\$40,000.00	\$12,791.04	\$18,654.54	\$21,345.46	53.36%
Rev - Contributions and Donati	\$1,500.00	\$50.00	\$427.77	\$1,072.23	71.48%
Rev - Interest Income-MM-1908	\$2,000.00	\$0.00	\$690.83	\$1,309.17	65.46%
Rev - Interest Income-SV-4483	\$1.00	\$0.00	\$0.05	\$0.95	95.00%
Rev - Various	\$5,000.00	\$7.00	\$429.22	\$4,570.78	91.42%
Rev - ERATE	\$15,000.00	\$0.00	\$0.00	\$15,000.00	100.00%
Rev - Brunswick County Schools	\$120,232.04	\$10,019.33	\$30,056.99	\$90,175.05	75.00%
F & F - Brunswick County-4609	\$700.00	\$1.97	\$273.21	\$426.79	60.97%
Rev - Duplin County Schools	\$959.04	\$952.43	\$952.43	\$6.61	0.69%
Rev - New Hanover County	\$941,460.00	\$0.00	\$240,690.00	\$700,770.00	74.43%
F & F - New Hanover County	\$15,000.00	\$0.00	\$2,535.00	\$12,465.00	83.10%
Rev - Pender County Schools	\$9,020.88	\$1,909.00	\$1,909.00	\$7,111.88	78.84%
F & F - Pender County Schools	\$200.00	\$26.45	\$26.45	\$173.55	86.78%
Rev - Fundraising - 653	\$5,000.00	\$0.00	\$512.50	\$4,487.50	89.75%
Rev - Riptide Runners	\$4,000.00	\$0.00	\$0.00	\$4,000.00	100.00%
Rev - Capital Campaign - 660	\$30,000.00	\$0.00	\$0.00	\$30,000.00	100.00%
Rev - Fees / Supplies - 4609	\$1,600.00	\$261.50	\$1,861.25	\$(261.25)	-16.33%
Rev - Tech Donations	\$11,329.50	\$65.00	\$11,597.10	\$(267.60)	-2.36%
Rev - Technology Fees	\$0.00	\$65.00	\$0.00	\$0.00	0.00%
Rev - Social Dues	\$500.00	\$0.00	\$9.50	\$490.50	98.10%
TOTAL LOCAL REVENUE	\$1,208,502.46	\$26,148.72	\$310,625.84	\$897,876.62	74.30%

FEDERAL REVENUE

Rev - IDEA VI-B Handicap - 060	\$49,131.00	\$0.00	\$0.00	\$49,131.00	100.00%
TOTAL FEDERAL REVENUE	\$49,131.00	\$0.00	\$0.00	\$49,131.00	100.00%

TOTAL REVENUE

\$3,664,755.08	\$205,736.65	\$1,051,872.09	\$2,612,882.99	71.30%
-----------------------	---------------------	-----------------------	-----------------------	---------------

Date: 11/06/2017

Time: 9:23 am

CAPE FEAR CENTER FOR INQUIRY

Page 2 of 5

BUDGET REPORT

From 10/1/2017 to 10/31/2017

	CURRENT BUDGET	MTD ACTIVITY	YTD ACTIVITY	BUDGET BALANCE	PERCENT REMAINING	NOTES
EXPENSES						
1. Salaries & Bonuses						
Salary - Teacher	\$1,241,071.90	\$104,597.21	\$405,081.84	\$835,990.06	67.36%	
Salary - Teacher - 016	\$1,723.61	\$0.00	\$1,723.61	\$0.00	0.00%	
Salary - Teacher Assistant	\$103,976.10	\$11,299.36	\$25,856.12	\$78,119.98	75.13%	
Salary - Substitute	\$35,000.00	\$1,920.00	\$2,280.00	\$32,720.00	93.49%	
Salary - EC Teacher	\$141,622.65	\$16,416.76	\$57,452.37	\$84,170.28	59.43%	
Salary - EC Teacher - 060	\$45,639.60	\$0.00	\$0.00	\$45,639.60	100.00%	
Salary - EC Assistant	\$26,847.90	\$2,961.43	\$6,755.78	\$20,092.12	74.84%	
Salary - EC Substitute	\$2,500.00	\$560.00	\$560.00	\$1,940.00	77.60%	
Salary - Behavioral - 029	\$50,000.00	\$3,447.00	\$13,648.50	\$36,351.50	72.70%	
Salary - Guidance	\$37,983.75	\$3,114.09	\$12,356.86	\$25,626.89	67.47%	
Salary - Psychologist	\$34,731.00	\$3,003.09	\$10,460.90	\$24,270.10	69.88%	
Salary - Principal	\$82,236.00	\$6,742.09	\$26,968.36	\$55,267.64	67.21%	
Salary - Assistant Principal	\$62,700.75	\$5,140.50	\$20,397.75	\$42,303.00	67.47%	
Salary - Office	\$46,634.25	\$3,437.36	\$12,877.08	\$33,757.17	72.39%	
Salary - Business Manager	\$83,613.60	\$6,855.00	\$27,420.00	\$56,193.60	67.21%	
Salary - Technology	\$49,875.00	\$4,089.00	\$16,356.00	\$33,519.00	67.21%	
Total 1. Salaries & Bonuses	\$2,046,156.11	\$173,582.89	\$640,195.17	\$1,405,960.94	68.71%	
2. Benefits						
Social Security Cost	\$152,907.68	\$12,709.77	\$46,934.35	\$105,973.33	69.31%	
Social Security Cost - 016	\$130.90	\$0.00	\$130.90	\$0.00	0.00%	
Social Security Cost - 060	\$3,491.40	\$0.00	\$0.00	\$3,491.40	100.00%	
State Retirement Cost	\$338,149.14	\$26,269.17	\$100,668.61	\$237,480.53	70.23%	
Hospitalization Cost	\$195,627.84	\$14,863.88	\$57,936.58	\$137,691.26	70.38%	
Hospitalization Cost - 016	\$65.46	\$0.00	\$65.46	\$0.00	0.00%	
Unemployment Cost	\$9,900.00	\$341.91	\$341.91	\$9,558.09	96.55%	
Other Insurance Cost	\$0.00	\$0.00	\$39.55	\$(39.55)	0.00%	
Total 2. Benefits	\$700,272.42	\$54,184.73	\$206,117.36	\$494,155.06	70.57%	
3. Books & Supplies						
Riptide Runners	\$4,000.00	\$0.00	\$0.00	\$4,000.00	100.00%	
Instructional Supplies	\$30,000.00	\$2,709.51	\$6,449.97	\$23,550.03	78.50%	
Instructional Supplies - 016	\$12,422.03	\$1,168.78	\$1,168.78	\$11,253.25	90.59%	
EC Instructional Supplies	\$6,000.00	\$474.98	\$632.82	\$5,367.18	89.45%	
Health Supplies	\$200.00	\$12.81	\$12.81	\$187.19	93.60%	
Safety Supplies	\$3,550.00	\$2,555.08	\$2,555.08	\$994.92	28.03%	
Office Supplies	\$8,000.00	\$123.90	\$123.90	\$7,876.10	98.45%	
Board of Directors Supplies	\$500.00	\$0.00	\$0.00	\$500.00	100.00%	
Postage	\$2,500.00	\$98.00	\$98.00	\$2,402.00	96.08%	
Memberships	\$2,500.00	\$0.00	\$0.00	\$2,500.00	100.00%	
Social Dues	\$500.00	\$0.00	\$0.00	\$500.00	100.00%	

Date: 11/06/2017

Time: 9:23 am

CAPE FEAR CENTER FOR INQUIRY

Page 3 of 5

BUDGET REPORT

From 10/1/2017 to 10/31/2017

	CURRENT BUDGET	MTD ACTIVITY	YTD ACTIVITY	BUDGET BALANCE	PERCENT REMAINING	NOTES
Sales Tax Expense	\$5,000.00	\$118.61	\$4,050.75	\$949.25	18.99%	
Unidentified Purchases	\$0.00	\$(12,561.71)	\$33,024.14	\$(33,024.14)	0.00%	
Total 3. Books & Supplies	\$75,172.03	\$(5,300.04)	\$48,116.25	\$27,055.78	35.99%	
4. Technology						
Instructional Software	\$15,500.00	\$360.00	\$410.00	\$15,090.00	97.35%	
Non-Capitalized Hardware	\$700.00	\$704.23	\$1,060.31	\$(360.31)	-51.47%	
Office Software	\$2,500.00	\$208.33	\$1,899.32	\$600.68	24.03%	
Non-Capitalized Office Hardware	\$500.00	\$131.74	\$131.74	\$368.26	73.65%	
Supplies and Materials	\$16,000.00	\$0.00	\$0.00	\$16,000.00	100.00%	
Technology Computer Equipment	\$13,000.00	\$12,068.72	\$12,068.72	\$931.28	7.16%	
Total 4. Technology	\$48,200.00	\$13,473.02	\$15,570.09	\$32,629.91	67.70%	
5. Non-Cap Equipment & Leases						
Instructional Equipment	\$10,000.00	\$99.99	\$1,029.74	\$8,970.26	89.70%	
EC Equipment	\$3,000.00	\$0.00	\$0.00	\$3,000.00	100.00%	
Reproduction Costs	\$12,000.00	\$0.00	\$3,660.70	\$8,339.30	69.49%	
Office Equipment	\$2,000.00	\$0.00	\$0.00	\$2,000.00	100.00%	
Total 5. Non-Cap Equipment & Leases	\$27,000.00	\$99.99	\$4,690.44	\$22,309.56	82.63%	
6. Contracted Student Services						
Instructional Services	\$900.00	\$0.00	\$168.00	\$732.00	81.33%	
EC Services	\$10,000.00	\$375.00	\$375.00	\$9,625.00	96.25%	
Speech Services	\$26,000.00	\$4,837.30	\$4,837.30	\$21,162.70	81.40%	
Field Trips	\$42,000.00	\$730.00	\$730.00	\$41,270.00	98.26%	
Total 6. Contracted Student Services	\$78,900.00	\$5,942.30	\$6,110.30	\$72,789.70	92.26%	
7. Staff Development						
Workshop Expenses	\$18,995.76	\$320.40	\$1,328.40	\$17,667.36	93.01%	
EC Workshop Expenses	\$3,000.00	\$810.00	\$1,157.00	\$1,843.00	61.43%	
Total 7. Staff Development	\$21,995.76	\$1,130.40	\$2,485.40	\$19,510.36	88.70%	
8. Administrative Services						
Advertising	\$2,000.00	\$0.00	\$0.00	\$2,000.00	100.00%	
Audit Services	\$9,000.00	\$0.00	\$0.00	\$9,000.00	100.00%	
Bank Fees	\$1,500.00	\$791.84	\$875.14	\$624.86	41.66%	
Financial Services	\$43,656.00	\$3,638.00	\$14,552.00	\$29,104.00	66.67%	
General Administration	\$5,000.00	\$1,311.20	\$2,478.40	\$2,521.60	50.43%	
Legal Services	\$3,329.00	\$2,575.00	\$3,404.00	\$(75.00)	-2.25%	
PowerSchool Services	\$16,320.00	\$1,360.00	\$5,440.00	\$10,880.00	66.67%	
Technology Support Services	\$500.00	\$0.00	\$0.00	\$500.00	100.00%	
Human Resources	\$1,400.00	\$45.00	\$241.50	\$1,158.50	82.75%	
Other Tax Payments	\$2,648.89	\$0.00	\$2,645.02	\$3.87	0.15%	

Date: 11/06/2017
Time: 9:23 am

CAPE FEAR CENTER FOR INQUIRY
BUDGET REPORT
From 10/1/2017 to 10/31/2017

Page 4 of 5

	CURRENT BUDGET	MTD ACTIVITY	YTD ACTIVITY	BUDGET BALANCE	PERCENT REMAINING	NOTES
Total 8. Administrative Services	\$85,353.89	\$9,721.04	\$29,636.06	\$55,717.83	65.28%	
9. Insurances						
Workers Compensation	\$8,165.00	\$0.00	\$2,292.00	\$5,873.00	71.93%	
General Liability	\$32,500.00	\$0.00	\$11,497.00	\$21,003.00	64.62%	
Other Insurance & Judgments	\$3,657.00	\$0.00	\$0.00	\$3,657.00	100.00%	
Total 9. Insurances	\$44,322.00	\$0.00	\$13,789.00	\$30,533.00	68.89%	
10. Rents & Debt Service						
Debt Service - Principal	\$205,262.70	\$17,109.02	\$67,624.89	\$137,637.81	67.05%	
Debt Service - Interest	\$98,637.67	\$8,216.01	\$33,675.23	\$64,962.44	65.86%	
Building Rent	\$5,700.00	\$475.00	\$2,375.00	\$3,325.00	58.33%	
Total 10. Rents & Debt Service	\$309,600.37	\$25,800.03	\$103,675.12	\$205,925.25	66.51%	
11. Facilities						
Building Repairs & Maintenance	\$16,500.00	\$1,072.50	\$8,181.50	\$8,318.50	50.42%	
Building Supplies & Materials	\$10,000.00	\$685.00	\$870.00	\$9,130.00	91.30%	
Contracted Custodial Services	\$65,000.00	\$4,473.96	\$20,273.96	\$44,726.04	68.81%	
Custodial Supplies & Materials	\$10,000.00	\$121.99	\$2,068.88	\$7,931.12	79.31%	
General Contract	\$1,000.00	\$0.00	\$0.00	\$1,000.00	100.00%	
Security Monitoring	\$5,000.00	\$0.00	\$0.00	\$5,000.00	100.00%	
Total 11. Facilities	\$107,500.00	\$6,353.45	\$31,394.34	\$76,105.66	70.80%	
12. Utilities						
Electricity	\$38,000.00	\$0.00	\$40.43	\$37,959.57	99.89%	
Water & Sewer	\$8,000.00	\$0.00	\$452.12	\$7,547.88	94.35%	
Waste Management	\$3,450.00	\$0.00	\$667.94	\$2,782.06	80.64%	
Telephone	\$9,000.00	\$757.32	\$2,254.02	\$6,745.98	74.96%	
Total 12. Utilities	\$58,450.00	\$757.32	\$3,414.51	\$55,035.49	94.16%	
13. Nutrition & Food						
Food Supplies & Materials	\$200.00	\$0.00	\$0.00	\$200.00	100.00%	
Food Purchases	\$6,000.00	\$0.00	\$0.00	\$6,000.00	100.00%	
Other Food - Office	\$750.00	\$423.01	\$433.44	\$316.56	42.21%	
Total 13. Nutrition & Food	\$6,950.00	\$423.01	\$433.44	\$6,516.56	93.76%	
14. Capital Purchases						
Cap Instructional Computers	\$15,000.00	\$0.00	\$0.00	\$15,000.00	100.00%	
Cap Office Computers	\$2,000.00	\$0.00	\$0.00	\$2,000.00	100.00%	
Cap Instructional Equipment	\$3,000.00	\$0.00	\$0.00	\$3,000.00	100.00%	
Total 14. Capital Purchases	\$20,000.00	\$0.00	\$0.00	\$20,000.00	100.00%	
15. New Site Development						

Date: 11/06/2017
Time: 9:23 am

CAPE FEAR CENTER FOR INQUIRY
BUDGET REPORT
From 10/1/2017 to 10/31/2017

Page 5 of 5

	CURRENT BUDGET	MTD ACTIVITY	YTD ACTIVITY	BUDGET BALANCE	PERCENT REMAINING	NOTES
Bank Service Fee	\$35,000.00	\$0.00	\$0.00	\$35,000.00	100.00%	
Total 15. New Site Development	\$35,000.00	\$0.00	\$0.00	\$35,000.00	100.00%	
16. Capital Campaign - 660						
Capital Campaign Expenses - 660	\$10,000.00	\$4,041.93	\$8,741.93	\$1,258.07	12.58%	
Total 16. Capital Campaign - 660	\$10,000.00	\$4,041.93	\$8,741.93	\$1,258.07	12.58%	
17. Transportation and Travel						
Travel	\$100.00	\$0.00	\$72.00	\$28.00	28.00%	
Total 17. Transportation and Travel	\$100.00	\$0.00	\$72.00	\$28.00	28.00%	
TOTAL EXPENSES	\$3,674,972.58	\$290,210.07	\$1,114,441.41	\$2,560,531.17	69.67%	
NET SURPLUS/(DEFICIT)	\$(10,217.50)	\$(84,473.42)	\$(62,569.32)			

RIVES & ASSOCIATES, LLP
4515 FALLS OF NEUSE ROAD, SUITE 450
RALEIGH, NC 27609

CORPORATION FOR INQUIRY INC
2525 WONDER WAY
WILMINGTON, NC 28401
|||||

CORPORATION FOR INQUIRY INC
Tax Returns
2016

RIVES & ASSOCIATES, LLP
4515 FALLS OF NEUSE ROAD, SUITE 450
RALEIGH, NC 27609
919-832-6848

October 25, 2017

CONFIDENTIAL

CORPORATION FOR INQUIRY INC
2525 WONDER WAY
WILMINGTON, NC 28401

Dear Client:

We have prepared the following returns from information provided by you without verification or audit.

Return of Organization Exempt From Income Tax (Form 990)

We suggest that you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements. Attached are instructions for signing and filing each return. Please follow those instructions carefully.

Enclosed is any material you furnished for use in preparing the returns. If the returns are examined, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records for at least seven years.

In order that we may properly advise you of tax considerations, please keep us informed of any significant changes in your financial affairs or of any correspondence received from taxing authorities.

If you have any questions, or if we can be of assistance in any way, please call.

Sincerely,

RIVES & ASSOCIATES, LLP

Filing Instructions

CORPORATION FOR INQUIRY INC

Exempt Organization Tax Return

Taxable Year Ended June 30, 2017

Date Due: November 15, 2017

Remittance: None is required. Your Form 990 for the tax year ended 6/30/17 shows no balance due.

Signature: You are using a Personal Identification Number (PIN) for signing your return electronically. Sign the IRS e-file Authorization and mail it as soon as possible to:

RIVES & ASSOCIATES, LLP
4515 FALLS OF NEUSE ROAD, SUITE 450
RALEIGH, NC 27609

Other: Your return is being filed electronically with the IRS and is not required to be mailed. Mailing a paper copy of your return to the IRS will delay the processing of your return.

CORPORATION FOR INQUIRY INC
2525 WONDER WAY
WILMINGTON, NC 28401

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027



Form **8879-EO****IRS e-file Signature Authorization
for an Exempt Organization**

OMB No. 1545-1878

Department of the Treasury
Internal Revenue ServiceFor calendar year 2016, or fiscal year beginning 7/01, 2016, and ending 6/30, 20 17▶ **Do not send to the IRS. Keep for your records.**▶ **Information about Form 8879-EO and its instructions is at www.irs.gov/form8879eo.****2016**

Name of exempt organization

CORPORATION FOR INQUIRY INC

Employer identification number

56-2174502

Name and title of officer

**ASHLEY COOKSLEY
SECRETARY****Part I Type of Return and Return Information (Whole Dollars Only)**

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a**, **2a**, **3a**, **4a**, or **5a**, below, and the amount on that line for the return being filed with this form was blank, then leave line **1b**, **2b**, **3b**, **4b**, or **5b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than 1 line in Part I.

1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue , if any (Form 990, Part VIII, column (A), line 12)	1b <u>3,622,183</u>
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue , if any (Form 990-EZ, line 9)	2b _____
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b _____
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b _____
5a Form 8868 check here ▶ <input type="checkbox"/>	b Balance Due (Form 8868, line 3c)	5b _____

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2016 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

☒ I authorize **RIVES & ASSOCIATES, LLP** to enter my PIN **12345** as my signature
ERO firm name Enter five numbers, but do not enter all zeros

on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

☐ As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶

Date ▶ **10/16/17****Part III Certification and Authentication**

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

56088012345

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2016 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ **THOMAS B. CORNWELL, CPA**Date ▶ **10/16/17****ERO Must Retain This Form — See Instructions****Do Not Submit This Form To the IRS Unless Requested To Do So**

For Paperwork Reduction Act Notice, see back of form.

Form **8879-EO** (2016)

Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016
Open to Public Inspection

A For the 2016 calendar year, or tax year beginning 07/01/16, and ending 06/30/17

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return/terminated
☐ Amended return
☐ Application pending

C Name of organization

CORPORATION FOR INQUIRY INC

Doing business as **CAPE FEAR CENTER FOR INQUIRY INC**

Number and street (or P.O. box if mail is not delivered to street address)

2525 WONDER WAY

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

WILMINGTON

NC 28401

D Employer identification number

56-2174502

E Telephone number

910-362-0000

G Gross receipts \$ **3,622,183**

F Name and address of principal officer:

**CATHEY LUNA
2525 WONDER WAY
WILMINGTON**

NC 28401

H(a) Is this a group return for subordinates? ☐ Yes ☒ No

H(b) Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ **WWW.CFCI.NET**

H(c) Group exemption number ▶

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: **2000**

M State of legal domicile: **NC**

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: SEE SCHEDULE O		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	7
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7
	5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	76
	6 Total number of volunteers (estimate if necessary)	6	475
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	3,431,484	3,504,795
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	85,879	64,151
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,678	2,606
	12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	16,587	50,631
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	3,536,628	3,622,183
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		0
	16a Professional fundraising fees (Part IX, column (A), line 11e)	2,281,823	2,605,511
	b Total fundraising expenses (Part IX, column (D), line 25) ▶		0
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	847,425	861,076
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	3,129,248	3,466,587
Net Assets or Fund Balances	19 Revenue less expenses. Subtract line 18 from line 12	407,380	155,596
	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	6,629,843	7,273,119
	22 Net assets or fund balances. Subtract line 21 from line 20	4,138,512	4,626,192
		2,491,331	2,646,927

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer		Date	
	ASHLEY COOKSLEY		SECRETARY	
Paid Preparer Use Only	Type or print name and title			
	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	THOMAS B. CORNWELL, CPA	THOMAS B. CORNWELL, CPA		P00901347
	Firm's name ▶	Firm's EIN ▶		
	RIVES & ASSOCIATES, LLP	20-0427530		
	4515 FALLS OF NEUSE ROAD, SUITE 450			
	Firm's address ▶ RALEIGH, NC 27609	Phone no. 919-832-6848		

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2016)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

X

- 1 Briefly describe the organization's mission:
SEE SCHEDULE O
- 2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O.
- 3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O.
- 4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 2,866,235 including grants of\$) (Revenue \$ 64,151)

CAPE FEAR CENTER FOR INQUIRY IS A NORTH CAROLINA PUBLIC CHARTER SCHOOL EDUCATING STUDENTS IN GRADES K-8.

4b (Code:) (Expenses \$ including grants of\$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of\$) (Revenue \$)

4d Other program services (Describe in Schedule O.)
(Expenses \$ including grants of\$) (Revenue \$)

4e Total program service expenses ▶ 2,866,235

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	X	
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>		X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, or IV, and Part V, line 1</i>		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 14		
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0		
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 76		
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to <i>e-file</i> (see instructions)	2b	X	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		X
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	3b		
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X
b If "Yes," enter the name of the foreign country: ► See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		
d If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8 Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8		
9 Sponsoring organizations maintaining donor advised funds.			
a Did the sponsoring organization make any taxable distributions under section 4966?	9a		
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b		
10 Section 501(c)(7) organizations. Enter:			
a Initiation fees and capital contributions included on Part VIII, line 12	10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11 Section 501(c)(12) organizations. Enter:			
a Gross income from members or shareholders	11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a		
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c Enter the amount of reserves on hand	13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?	14a		X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI ☒

Section A. Governing Body and Management

			Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year	1a	7		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.				
b Enter the number of voting members included in line 1a, above, who are independent	1b	7		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			2	X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?			3	X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			4	X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?			5	X
6 Did the organization have members or stockholders?			6	X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			7a	X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			7b	X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body?			8a	X
b Each committee with authority to act on behalf of the governing body?			8b	X
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O			9	X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a Did the organization have local chapters, branches, or affiliates?	10a		X
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a		X
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	X	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c		X
13 Did the organization have a written whistleblower policy?	13		X
14 Did the organization have a written document retention and destruction policy?	14		X
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a The organization's CEO, Executive Director, or top management official	15a		X
b Other officers or key employees of the organization	15b		X
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► **NONE**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☒ Own website ☒ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records: ►

ACADIA NORTHSTAR CONSULTING**5029 FALLS OF THE NEUSE ROAD****RALEIGH****NC 27609****919-954-7040**

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CATHEY LUNA	1.00									
PRESIDENT	0.00	X		X				0	0	0
(2) ASHLEY COOKSLEY	1.00									
SECRETARY	0.00	X		X				0	0	0
(3) TODD FISCHER	1.00									
BOARD MEMBER	0.00	X						0	0	0
(4) LAUREN LOMBARDI	1.00									
BOARD MEMBER	0.00	X						0	0	0
(5) BETH CARTER	1.00									
SECRETARY	0.00	X						0	0	0
(6) LISA BUCHANAN	1.00									
BOARD MEMBER	0.00	X						0	0	0
(7) KRISTEN HUDSON	1.00									
BOARD MEMBER	0.00	X						0	0	0
(8)										
(9)										
(10)										
(11)										

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e	3,420,698			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	84,097			
	g Noncash contributions included in lines 1a-1f: \$					
	h Total. Add lines 1a-1f		3,504,795			
Program Service Revenue	2a SCHOOL ACTIVITIES REVENUE	Busn. Code	64,151	64,151		
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f		64,151			
	Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		2,606		
4 Income from investment of tax-exempt bond proceeds						
5 Royalties						
6a Gross rents		(i) Real (ii) Personal				
b Less: rental exps.						
c Rental inc. or (loss)						
d Net rental income or (loss)						
7a Gross amount from sales of assets other than inventory		(i) Securities (ii) Other				
b Less: cost or other basis & sales exps.						
c Gain or (loss)						
d Net gain or (loss)						
8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18		a				
b Less: direct expenses		b				
c Net income or (loss) from fundraising events						
9a Gross income from gaming activities. See Part IV, line 19		a				
b Less: direct expenses		b				
c Net income or (loss) from gaming activities						
10a Gross sales of inventory, less returns and allowances		a				
b Less: cost of goods sold		b				
c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Busn. Code				
11a FINES AND FORFEITURES		34,752	34,752			
b MISC REVENUE		9,244	9,244			
c STATE SALES TAX		6,635	6,635			
d All other revenue						
e Total. Add lines 11a-11d		50,631				
12 Total revenue. See instructions.		3,622,183	114,782	0	2,606	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	1,945,212	1,819,114	126,098	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	330,361	324,422	5,939	
9 Other employee benefits	180,426	169,076	11,350	
10 Payroll taxes	149,512	140,559	8,953	
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 7				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	104,889		104,889	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	151,759	146,981	4,778	
23 Insurance				
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a SUPPORT SERVICES	338,345		338,345	
b INSTRUCTIONAL SERVICES	261,004	261,004		
c COMMUNITY SERVICES	5,079	5,079		
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	3,466,587	2,866,235	600,352	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest bearing	1,017,458	1	1,212,461
	2 Savings and temporary cash investments	259,711	2	262,317
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	9,595	4	21,058
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	1,009	9	672
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 5,969,320		
	b Less: accumulated depreciation	10b 1,004,387	10c	4,964,933
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	232,171	15	811,678
16 Total assets. Add lines 1 through 15 (must equal line 34)	6,629,843	16	7,273,119	
Liabilities	17 Accounts payable and accrued expenses	13,269	17	71,397
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	3,482,058	23	3,283,046
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	643,185	25	1,271,749
	26 Total liabilities. Add lines 17 through 25	4,138,512	26	4,626,192
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	2,491,331	27	2,646,927
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	2,491,331	33	2,646,927
34 Total liabilities and net assets/fund balances	6,629,843	34	7,273,119	

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	3,622,183
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,466,587
3	Revenue less expenses. Subtract line 2 from line 1	3	155,596
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,491,331
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,646,927

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☐

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	X	

SCHEDULE A
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

OMB No. 1545-0047

2016**Open to Public
Inspection**▶ **Attach to Form 990 or Form 990-EZ.**▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

Name of the organization

CORPORATION FOR INQUIRY INC

Employer identification number

56-2174502**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☒ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land grant college of agriculture (see instructions). Enter the name, city, and state of the college or university:
- 10 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations
- g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total						

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2016

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)						12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ► ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2015 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2016. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b 33 1/3% support test—2015. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2016. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2015. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ► <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests—2016. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐

b 33 1/3% support tests—2015. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► ☐

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
11a		
b A family member of a person described in (a) above?		
11b		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI .		
11c		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
1		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		
2		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		
1		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
1		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
2		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

- 1** Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).
- a** ☐ The organization satisfied the Activities Test. Complete **line 2** below.
- b** ☐ The organization is the parent of each of its supported organizations. Complete **line 3** below.
- c** ☐ The organization supported a governmental entity. Describe in **Part VI** how you supported a government entity (see instructions).

2 Activities Test. Answer (a) and (b) below.

	Yes	No
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.		
2a		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
2b		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI .		
3a		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		
3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4).	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	
4	Amounts paid to acquire exempt-use assets	
5	Qualified set-aside amounts (prior IRS approval required)	
6	Other distributions (describe in Part VI). See instructions.	
7	Total annual distributions. Add lines 1 through 6.	
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9	Distributable amount for 2016 from Section C, line 6	
10	Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)		(i) Excess Distributions	(ii) Underdistributions Pre-2016	(iii) Distributable Amount for 2016
1	Distributable amount for 2016 from Section C, line 6			
2	Underdistributions, if any, for years prior to 2016 (reasonable cause required-explain in Part VI). See instructions.			
3	Excess distributions carryover, if any, to 2016:			
a				
b				
c	From 2013			
d	From 2014			
e	From 2015			
f	Total of lines 3a through e			
g	Applied to underdistributions of prior years			
h	Applied to 2016 distributable amount			
i	Carryover from 2011 not applied (see instructions)			
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4	Distributions for 2016 from Section D, line 7: \$			
a	Applied to underdistributions of prior years			
b	Applied to 2016 distributable amount			
c	Remainder. Subtract lines 4a and 4b from 4.			
5	Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6	Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7	Excess distributions carryover to 2017. Add lines 3j and 4c.			
8	Breakdown of line 7:			
a				
b	Excess from 2013			
c	Excess from 2014			
d	Excess from 2015			
e	Excess from 2016			

Part VI

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

**SCHEDULE D
(Form 990)**Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**▶ Complete if the organization answered "Yes" on Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

▶ Attach to Form 990.

▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016**Open to Public
Inspection**

Name of the organization

Employer identification number

CORPORATION FOR INQUIRY INC**56-2174502****Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).	
<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
a Total number of conservation easements	2a Held at the End of the Tax Year
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶	
4 Number of states where property subject to conservation easement is located ▶	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶	
7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.	
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:	
(i) Revenue included on Form 990, Part VIII, line 1	▶ \$
(ii) Assets included in Form 990, Part X	▶ \$
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:	
a Revenue included on Form 990, Part VIII, line 1	▶ \$
b Assets included in Form 990, Part X	▶ \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a** ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ %

b Permanent endowment ▶ %

c Temporarily restricted endowment ▶ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations

(ii) related organizations

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?

	Yes	No
3a(i)		
3a(ii)		
3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,114,500		1,114,500
b Buildings		3,709,903	548,468	3,161,435
c Leasehold improvements				
d Equipment		237,042	189,737	47,305
e Other		907,875	266,182	641,693
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) ▶				4,964,933

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ►		

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ►		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) PENSION PLAN CONTRIBUTION	752,852
(2) CONSTRUCTION IN PROGRESS	58,826
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	811,678

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2) NET PENSION LIABILITY	1,107,519	
(3) COMPENSATED ABSENCES	107,030	
(4) DEFERRED PENSION	57,200	
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	1,271,749	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☐

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1 Total revenue, gains, and other support per audited financial statements		1	3,622,183
2 Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a Net unrealized gains (losses) on investments	2a		
b Donated services and use of facilities	2b		
c Recoveries of prior year grants	2c		
d Other (Describe in Part XIII.)	2d		
e Add lines 2a through 2d		2e	
3 Subtract line 2e from line 1		3	3,622,183
4 Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b Other (Describe in Part XIII.)	4b		
c Add lines 4a and 4b		4c	
5 Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)		5	3,622,183

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1 Total expenses and losses per audited financial statements		1	3,466,587
2 Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a Donated services and use of facilities	2a		
b Prior year adjustments	2b		
c Other losses	2c		
d Other (Describe in Part XIII.)	2d		
e Add lines 2a through 2d		2e	
3 Subtract line 2e from line 1		3	3,466,587
4 Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b Other (Describe in Part XIII.)	4b		
c Add lines 4a and 4b		4c	
5 Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)		5	3,466,587

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Part XIII Supplemental Information *(continued)*

SCHEDULE E
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service

Name of the organization

Schools▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 13, or Form 990-EZ, Part VI, line 48.**▶ **Attach to Form 990 or Form 990-EZ.**▶ **Information about Schedule E (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2016**Open to Public Inspection****CORPORATION FOR INQUIRY INC**

Employer identification number

56-2174502**Part I**

	YES	NO
1 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		X
2 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		X
3 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. If you need more space, use Part II. THE CAPE FEAR CENTER FOR INQUIRY IS A PUBLIC CHARTER SCHOOL AND IS NOT REQUIRED TO FILE FORM 5578, THEREFORE SCHEDULE E IS NOT APPLICABLE.		X
4 Does the organization maintain the following?		
a Records indicating the racial composition of the student body, faculty, and administrative staff?		X
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		X
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		X
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. If you need more space, use Part II. THE CAPE FEAR CENTER FOR INQUIRY IS A PUBLIC CHARTER SCHOOL AND IS NOT REQUIRED TO FILE FORM 5578, THEREFORE SCHEDULE E IS NOT APPLICABLE.		X
5 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	X	
b Admissions policies?	X	
c Employment of faculty or administrative staff?	X	
d Scholarships or other financial assistance?	X	
e Educational policies?	X	
f Use of facilities?	X	
g Athletic programs?	X	
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. If you need more space, use Part II. THE CAPE FEAR CENTER FOR INQUIRY IS A PUBLIC CHARTER SCHOOL AND IS NOT REQUIRED TO FILE FORM 5578 THEREFORE, SCHEDULE E IS NOT APPLICABLE.	X	
6a Does the organization receive any financial aid or assistance from a governmental agency?	X	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" on either line 6a or line 6b, explain on Part II.		X
7 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," explain on Part II	X	

Part II

Supplemental Information. Provide the explanations required by Part I, lines 3, 4d, 5h, 6b, and 7, as applicable. Also provide any other additional information (see instructions).

SCH E - FINANCIAL AID OR GOVERNMENT ASSISTANCE EXPLANATION

THE SCHOOL IS ORGANIZED AS A CHARTER SCHOOL UNDER NORTH CAROLINA GENERAL
STATUTE 115C-238 29A. ACCORDINGLY, IT RECEIVES BOTH FEDERAL AND STATE
FUNDING AS ITS PRIMARY MEANS OF SUPPORT.

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2016**Open to Public
Inspection**▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization

CORPORATION FOR INQUIRY INC

Employer identification number

56-2174502**FORM 990 - ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES**

FOUNDERS OF THE CAPE FEAR CENTER FOR INQUIRY ARE COMMITTED TO PROMOTING STUDENT ABILITIES TO THINK AND CREATE IN PERSONALLY MEANINGFUL WAYS A HIGH LEVEL OF PERSONAL AND COLLEGIAL ACCOUNTABILITY WILL BE MAINTAINED THROUGH AN INTERGRATED INQUIRY BASED CURRICULUM THAT IS ACADEMICALLY CHALLENGING AND SITUATED WITHIN THE CONTEXT OF A SAFE AND ENCOURAGING ENVIRONMENT.

FORM 990 - ORGANIZATION'S MISSION

FOUNDERS OF THE CAPE FEAR CENTER FOR INQUIRY ARE COMMITTED TO PROMOTING STUDENT ABILITIES TO THINK AND CREATE IN PERSONALLY MEANINGFUL WAYS A HIGH LEVEL OF PERSONAL AND COLLEGIAL ACCOUNTABILITY WILL BE MAINTAINED THROUGH AN INTERGRATED INQUIRY BASED CIRRICULUM THAT IS ACADEMICALLY CHALLENGING AND SITUATED WITHIN THE CONTEX OF A SAFE AND ENCOURAGING ENVIRONMENT.

FORM 990, PART VI, LINE 11B - ORGANIZATION'S PROCESS TO REVIEW FORM 990
THE BOARD OF DIRECTORS AND THE PRINCIPAL WILL REVIEW FORM 990 BEFORE
FILING.

FORM 990, PART VI, LINE 19 - GOVERNING DOCUMENTS DISCLOSURE EXPLANATION
ALL INFORMATION IS AVAILABLE ON SITE BY REQUEST AND AVAILABLE THROUGH
FOUNDATION WEBSITE FOR NON-PROFIT WEBSITE VIA THE INTERNET.

**CAPE FEAR CENTER FOR INQUIRY
WILMINGTON, NORTH CAROLINA**

Financial Statements and
Supplementary Information

Year Ended June 30, 2017



Rives & Associates, LLP
Certified Public Accountants and Consultants

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA

Table of Contents

June 30, 2017

<u>Exhibit</u>		<u>Page</u>
	Financial Section:	
	Independent Auditors' Report.....	1
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position.....	12
2	Statement of Activities	13
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds.....	14
3	Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	16
	Notes to the Financial Statements	17
	Schedule	
	Supplementary Information:	
1	Schedule of the School's Proportionate Share of the Net Pension Liability	40
2	Schedule of School Contributions	41
3	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – All Fund Types	42
	Compliance Section:	
	Independent Auditors' Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43
	Independent Auditors' Report On Compliance For Each Major State Program and on Internal Control Over Compliance Required by OMB Uniform Guidance and the State Single Audit Implementation Act.....	45
	Schedule of Findings and Questioned Costs.....	47
	Summary Schedule of Prior Year Audit Findings	48
	Schedule of Expenditures of Federal and State Awards	49

FINANCIAL SECTION



Rives & Associates, LLP
Certified Public Accountants

Member:
American Institute of
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

Independent Auditors' Report

To the Board of Directors
Cape Fear Center for Inquiry
Wilmington, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cape Fear Center for Inquiry, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Cape Fear Center for Inquiry'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cape Fear Center for Inquiry, North Carolina as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the schedule of proportionate share of the net pension liability and the schedule of school contributions on pages 41 and 42, respectively 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cape Fear Center for Inquiry, North Carolina's basic financial statements. The budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary schedule, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule, other schedules, and the accompanying Schedule of Expenditures of Federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 1, 2017 on our consideration of Cape Fear Center for Inquiry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose these reports 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cape Fear Center for Inquiry's internal control over financial reporting and compliance.

Rives & Associates LLP

Raleigh, North Carolina

October 1, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Cape Fear Center for Inquiry

June 30, 2017

As management of Cape Fear Center for Inquiry, we offer readers of Cape Fear Center for Inquiry's audited financial statements this narrative overview and analysis of the financial activities of Cape Fear Center for Inquiry for the fiscal year ended June 30, 2017. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights

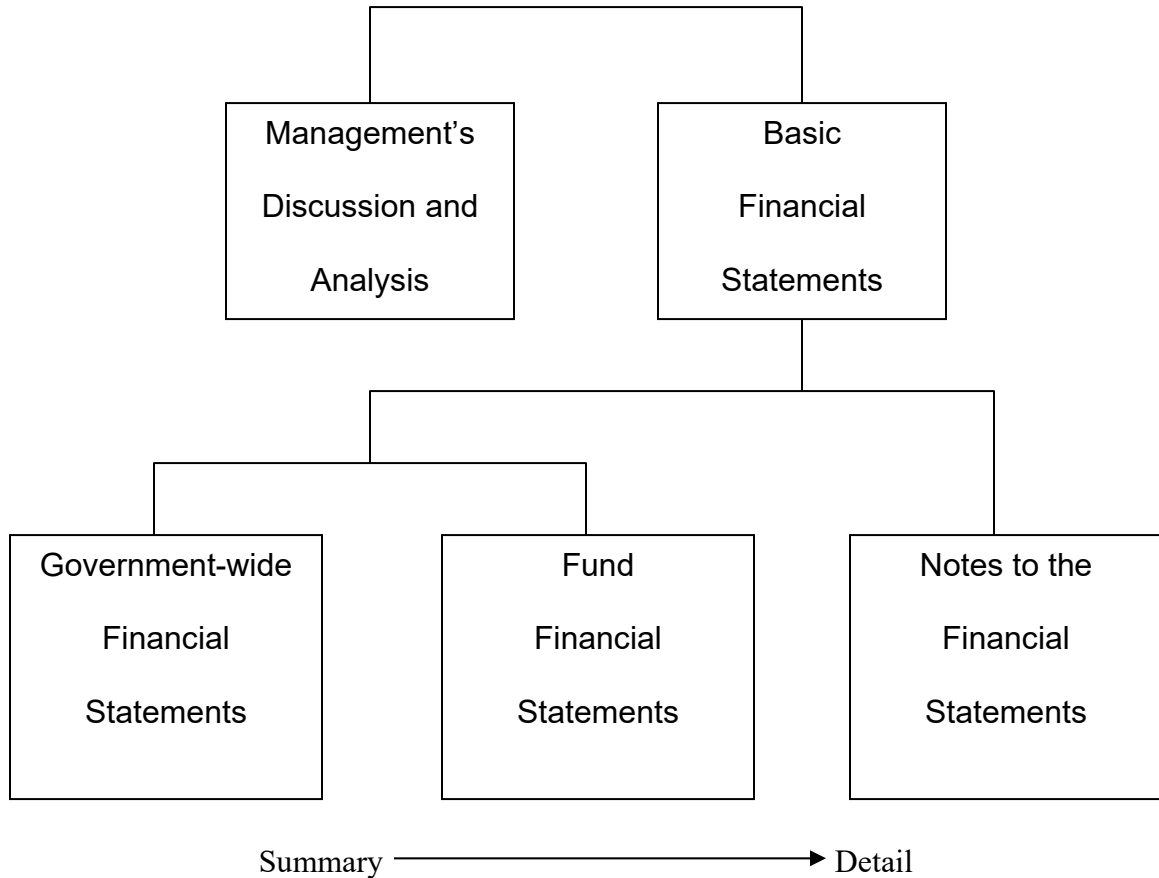
- The assets of Cape Fear Center for Inquiry exceeded its liabilities and deferred inflows at the close of the fiscal year by \$2,646,930 (*net position*).
- The school's total net position increased by \$155,597 at fiscal year end.
- As of the close of the current fiscal year, Cape Fear Center for Inquiry's governmental funds reported combined ending fund balances of \$1,425,114, an increase of \$153,640, in comparison with the prior year.
- Enrollment at the School has remained stable. The State funded Average Daily Membership (ADM) was 397 in 2011-12, 376 in 2012-13, 372 in 2013-14, 409 in 2014-15, 405 in 2015-16, and 408 in the current fiscal year.
- Cape Fear Center for Inquiry's long-term debt consists of compensated absences and a loan. Total debt decreased by \$197,575 during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cape Fear Center for Inquiry's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Cape Fear Center for Inquiry.

Figure 1

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial standing.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual segments of the School's government. These statements are more detailed than the government-wide financial statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about

Management's Discussion and Analysis
Cape Fear Center for Inquiry
June 30, 2017

the School's funds. Budgetary information for the School can also be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status, as a whole.

The two government-wide statements report the School's net position and how they have changed. Net position equals the difference between the School's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the School charges its students and other customers. Cape Fear Center for Inquiry has no business-type activities.

The government-wide financial statements are enumerated in Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Cape Fear Center for Inquiry, like all other governmental entities in North Carolina, used fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements, such as the North Carolina General Statutes or the School's budget ordinance, where and when applicable. All of the funds of Cape Fear Center for Inquiry can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between government

Management's Discussion and Analysis
Cape Fear Center for Inquiry
June 30, 2017

activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is an integral part of the fund financial statements.

Although not compelled or required to do so by federal, state, or local law, Cape Fear Center for Inquiry has elected to adopt an annual budget. Since the budget is not required by law, the budgetary comparison statements are not included in the basic financial statements, but are part of the supplemental statements and schedules following the notes. The budget incorporates input from the faculty, management, and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as originally planned.

Proprietary Funds – Cape Fear Center for Inquiry had no proprietary funds, which are enterprise funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Cape Fear Center for Inquiry has no enterprise funds.

Notes to the Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of Cape Fear Center for Inquiry exceeded liabilities by \$2,646,930 as of June 30, 2017. As of June 30, 2016, the net position of Cape Fear Center for Inquiry stood at \$2,491,333. The School's net position increased by \$155,597 for the fiscal year ended June 30, 2017, compared to an increase of \$407,382 in 2016. The amount of \$1,740,713 reflects the School's investment in capital assets (e.g. land, leasehold improvements, school equipment, and electronic equipment), less any related debt still outstanding that was issued to acquire those items. Cape Fear Center for Inquiry uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. The remaining balance of \$906,217 is unrestricted. In 2016, the amount of net investment in capital assets totaled \$1,686,668, with unrestricted net position standing at \$804,665.

Management's Discussion and Analysis
Cape Fear Center for Inquiry
June 30, 2017

Figure 2
Cape Fear Center for Inquiry's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,496,508	\$ 1,287,773	\$ -	\$ -	\$ 1,496,508	\$ 1,287,773
Capital assets, net of depreciation	5,023,759	5,168,726	-	-	5,023,759	5,168,726
Total assets	<u>6,520,267</u>	<u>6,456,499</u>	<u>-</u>	<u>-</u>	<u>6,520,267</u>	<u>6,456,499</u>
Deferred inflows of resources	<u>752,852</u>	<u>173,345</u>	<u>-</u>	<u>-</u>	<u>752,852</u>	<u>173,345</u>
Other liabilities	71,394	13,268	-	-	71,394	13,268
Long-term liabilities outstanding	4,497,595	4,025,084	-	-	4,497,595	4,025,084
Total liabilities	<u>4,568,989</u>	<u>4,038,352</u>	<u>-</u>	<u>-</u>	<u>4,568,989</u>	<u>4,038,352</u>
Deferred inflows of resources	<u>57,200</u>	<u>100,159</u>	<u>-</u>	<u>-</u>	<u>57,200</u>	<u>100,159</u>
Net Position:						
Net investment in capital assets	1,740,713	1,686,668	-	-	1,740,713	1,686,668
Unrestricted	906,217	804,665	-	-	906,217	804,665
Total net position	<u>\$ 2,646,930</u>	<u>\$ 2,491,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,646,930</u>	<u>\$ 2,491,333</u>

Several aspects of the School's financial operations positively influenced the total unrestricted governmental net position:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made as needed to remain within the confines of the budget.
- The School applied for and was awarded several federal grants to assist with meeting the educational needs of the student population.
- Funding increased proportionately based on the Schools' student enrollment.

Management's Discussion and Analysis
Cape Fear Center for Inquiry
June 30, 2017

Figure 3
Cape Fear Center for Inquiry's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Donations and Other Revenues	\$ 145,694	\$ 135,543	\$ -	\$ -	\$ 145,694	\$ 135,543
Charges for Services	-	-	-	-	-	-
Operating Grants and Contributions	55,791	112,714	-	-	55,791	112,714
County, State, and Federal Funds	3,420,698	3,288,371	-	-	3,420,698	3,288,371
Total revenues	3,622,183	3,536,628	-	-	3,622,183	3,536,628
Instructional Programs	2,861,155	2,526,812	-	-	2,861,155	2,526,812
Support services	495,463	487,314	-	-	495,463	487,314
Non-programmed charges	5,079	6,823	-	-	5,079	6,823
Interest on long-term debt	104,889	108,297	-	-	104,889	108,297
School food service	-	-	-	-	-	-
Total expenses	3,466,586	3,129,246	-	-	3,466,586	3,129,246
Increase (Decrease) in net position before transfers	155,597	407,382	-	-	155,597	407,382
Transfers	-	-	-	-	-	-
Increase (Decrease) in net position	155,597	407,382	-	-	155,597	407,382
Net position, July 1	2,491,333	2,083,951	-	-	2,491,333	2,083,951
Net position, June 30	\$ 2,646,930	\$ 2,491,333	\$ -	\$ -	\$ 2,646,930	\$ 2,491,333

Governmental activities. Governmental activities increased the School's net position by \$155,597.

Business-type activities. Cape Fear Center for Inquiry had no Business-type activities.

Financial Analysis of the School's Funds

As noted earlier, Cape Fear Center for Inquiry uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Cape Fear Center for Inquiry's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing Cape Fear Center for Inquiry's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Cape Fear Center for Inquiry. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,424,442, while total fund balance reached \$1,425,114.

Proprietary Funds. The School's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Cape Fear Center for Inquiry has no proprietary funds.

Management's Discussion and Analysis
Cape Fear Center for Inquiry
June 30, 2017

Capital Asset and Debt Administration

Capital assets. Cape Fear Center for Inquiry's investment in capital assets for its governmental fund as of June 30, 2017, totals \$5,023,759 (net of accumulated depreciation). Capital assets include land, construction in progress, a building, land improvements, school equipment, and electronic equipment.

Figure 4
Cape Fear Center for Inquiry's Capital Assets
 (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,114,500	\$ 1,114,500	\$ -	\$ -	\$ 1,114,500	\$ 1,114,500
Construction in Progress	58,826	58,826	-	-	58,826	58,826
Building	3,161,435	3,247,282	-	-	3,161,435	3,247,282
Land Improvements	641,693	687,087	-	-	641,693	687,087
School equipment	28,125	41,851	-	-	28,125	41,851
Electronic equipment	19,180	19,180	-	-	19,180	19,180
Total	<u>\$ 5,023,759</u>	<u>\$ 5,168,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,023,759</u>	<u>\$ 5,168,726</u>

Additional information about the School's capital assets can be found in Note II.A.2. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2017, Cape Fear Center for Inquiry had total long-term obligations of \$4,497,595, which includes compensated absences totaling \$107,030, net pension liability totaling \$1,107,519, and a Note Payable totaling \$3,283,046.

Management's Discussion and Analysis
Cape Fear Center for Inquiry
June 30, 2017

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The growth rate in the multiple feeder LEAs that currently supply the school with children is expected to continue which will serve to maintain the ADM funding.
- The Board of Directors has carefully tracked the Fund Balance year to year and has internally set it aside for future possible expansion and/or improvement facilities projects.
- Base funding from the State increased by \$36.81 per pupil compared to the previous year; an increase of 0.75%.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Cape Fear Center for Inquiry, 2525 Wonder Way, Wilmington, North Carolina 28401, telephone (910) 362-0422.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA

Exhibit 1

Statement of Net Position

June 30, 2017

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,474,778
Due from other governments	17,796
Receivables (net)	3,262
Prepaid items	672
	<u>1,496,508</u>
Capital assets (Note II. A) 2.):	
Land	1,114,500
Construction in progress	58,826
Other capital assets, net of depreciation	3,850,433
Total capital assets	<u>5,023,759</u>
Total assets	<u>6,520,267</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>752,852</u>
LIABILITIES	
Accounts payable and accrued expenses	71,394
Long-term liabilities:	
Net pension liability	1,107,519
Due within one year	312,293
Due in more than one year	3,077,783
Total liabilities	<u>4,568,989</u>
DEFERRED INFLOWS OF RESOURCES	<u>57,200</u>
NET POSITION	
Net investment in capital assets	1,740,713
Unrestricted	906,217
Total net position	<u>\$ 2,646,930</u>

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

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
			Primary Government
		Operating Grants and Contributions	Governmental Activities
Primary government:			
Governmental activities:			
Instructional services	\$ 2,861,155	\$ 55,791	\$ (2,805,364)
System-wide support services	495,463	-	(495,463)
Non-programmed charges	5,079	-	(5,079)
Interest on long-term debt	104,889	-	(104,889)
Total governmental activities	<u>3,466,586</u>	<u>55,791</u>	<u>(3,410,795)</u>
Total primary government	<u>\$ 3,466,586</u>	<u>\$ 55,791</u>	<u>(3,410,795)</u>
General revenues:			
Unrestricted county appropriations			1,071,444
Unrestricted State appropriations			2,349,254
Donations- general			28,306
Fines and forfeitures			34,752
Investment earnings, unrestricted			2,606
Miscellaneous, unrestricted			80,030
Total general revenues			<u>3,566,392</u>
Change in net position			155,597
Beginning net position			<u>2,491,333</u>
Ending net position			<u>\$ 2,646,930</u>

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

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2017

	<u>Major Funds</u>		<u>Non-major Fund</u>	
	<u>General</u>	<u>State Public School</u>	<u>Federal Grants</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,474,778	\$ -	\$ -	\$ 1,474,778
Due from other governments	17,796	-	-	17,796
Receivables (net)	3,262	-	-	3,262
Prepaid items	672	-	-	672
Total assets	<u>\$ 1,496,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,496,508</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 71,394	\$ -	\$ -	\$ 71,394
Total liabilities	<u>71,394</u>	<u>-</u>	<u>-</u>	<u>71,394</u>
Fund balances:				
Nonspendable:				
Prepaid items	672	-	-	672
Unassigned	<u>1,424,442</u>	<u>-</u>	<u>-</u>	<u>1,424,442</u>
Total fund balances	<u>1,425,114</u>	<u>-</u>	<u>-</u>	<u>1,425,114</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,496,508</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	5,023,759
Net pension liability	(1,107,519)
Deferred inflows of resources related to pensions	(57,200)
Deferred outflows of resources related to pensions	752,852
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds	<u>(3,390,076)</u>
Net position of governmental activities	<u>\$ 2,646,930</u>

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

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

Exhibit 4

	Major Funds		Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	
REVENUES				
State of North Carolina	\$ -	\$ 2,349,254	\$ -	\$ 2,349,254
Boards of education	1,071,444	-	-	1,071,444
U.S. Government	-	-	55,791	55,791
Contributions and donations	28,306	-	-	28,306
Fines and forfeitures	34,752	-	-	34,752
Interest income	2,606	-	-	2,606
Other	80,030	-	-	80,030
Total revenues	<u>1,217,138</u>	<u>2,349,254</u>	<u>55,791</u>	<u>3,622,183</u>
EXPENDITURES				
Current:				
Instructional services	669,589	1,927,366	55,791	2,652,746
System-wide support services	119,348	380,677	-	500,025
Non-programmed charges	5,079	-	-	5,079
Capital outlay	6,792	-	-	6,792
Debt service:				
Principal	167,330	31,682	-	199,012
Interest and other charges	95,360	9,529	-	104,889
Total expenditures	<u>1,063,498</u>	<u>2,349,254</u>	<u>55,791</u>	<u>3,468,543</u>
Excess of revenues over (under) expenditures	<u>153,640</u>	<u>-</u>	<u>-</u>	<u>153,640</u>
Net change in fund balance	153,640	-	-	153,640
Beginning fund balance	<u>1,271,474</u>	<u>-</u>	<u>-</u>	<u>1,271,474</u>
Ending fund balance	<u>\$ 1,425,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,425,114</u>

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

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Exhibit 5

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

Net changes in fund balances- total governmental funds	\$ 153,640
--------------------------------------------------------	------------

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. This is the amount by which capital outlays exceeded depreciation in the current period.	(144,967)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	199,012
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

Contributions to the pension plan in the current fiscal year are not included on the statement of activities	170,972
--------------------------------------------------------------------------------------------------------------	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense	(221,623)
Compensated absences	<u>(1,437)</u>

Total changes in net position of governmental activities	<u><u>\$ 155,597</u></u>
----------------------------------------------------------	--------------------------

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

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cape Fear Center for Inquiry, North Carolina (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities. Because of the authority of the State Board of Education (SBE) to unilaterally abolish a school with all the assets reverting to a local education agency, the charter schools in North Carolina follow the governmental reporting model, as used by local education agencies. The following is a summary of the more significant accounting policies.

A) Reporting Entity

The Cape Fear Center for Inquiry, North Carolina is a public school operated by a non-profit corporation, serving approximately 408 students. The School operates under an approved charter received from the SBE, and applied for under the provisions of General Statute (G.S.) 115C-238.29B. G.S. 115C-238.29F(f)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA). G.S. 115C-447 also requires financial statements to be prepared in accordance with GAAP.

B) Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The School had no business-type activities during the year ended June 30, 2017.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

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. All remaining governmental funds are reported as non-major funds.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

The School reports the following major governmental funds:

General Fund: 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.

State Public School Fund: The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

C) Measurement Focus and Basis of Accounting

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D) Budgetary Data

The School adopts a unit-wide budget that reflects all revenues and expenditures against the estimated revenue and appropriations for the School. Additionally, the School adopts an individual fund budget for the Federal Grants Fund that reflects all revenues and expenditures. The budgets are prepared using the modified accrual basis of accounting.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Budgetary Data (Continued)

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary. The budget presented in the supplementary information represents the budget of the School at June 30, 2017. All appropriations lapse at year end.

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the School are made in two local banks, whose accounts are FDIC insured. Also, the School has established time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets

The School's donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$2,500 with an estimated useful life of two or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. 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.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

4. Capital Assets (Continued)

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Buildings	5 - 40
Land improvements	20
School equipment	5 - 10
Electronic equipment	5 - 10

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 and so will not be recognized as an expense or expenditure until then. The School has one item that meets the criterion for this category – pension related deferrals. In addition to liabilities, the statement of financial 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 and so will not be recognized as revenue until then. The School has two items that meet the criterion for this category – deferred grant revenue and pension related deferrals.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

7. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual leave balances. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The School accounts for its leave on a first-in, first-out basis, such that the oldest available leave is used first. The current portion of the liability is recorded as such in the government-wide financial statements.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

7. Compensated Absences (Continued)

The sick leave policy of the School provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the School has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Net Position/Fund Balances

Net Position

Net position in the government-wide fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid operating expenses which is not a spendable resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

8. Net Position/Fund Balances (Continued)

Committed Fund Balance – portion of fund balance that can only be used for a specific purpose imposed by a majority vote of the School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance – portion of fund balance that the School intends to use for specific purposes.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

9. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between for governmental funds' total fund balance and governmental activities' net position as reported in the government-wide statement of net position. The net adjustment of \$1,221,816 consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 6,028,146
Less accumulated depreciation	(1,004,387)
Pension related deferred outflows of resources:	
Changes of assumptions	163,332
Net difference between projected and actual earnings on pension plan investments	394,977
Contributions made to the pension plan in current fiscal year	170,972
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Net pension liability	(1,107,519)
Deferred inflows of resources related to pensions:	
Differences between expect and actual experience	(52,343)
Differences between contributions and proportional share of contributions and changes in proportion	<u>18,714</u>
Bonds, leases, and installment financing	(3,283,046)
Compensated absences	<u>(107,030)</u>
Total adjustment	<u>\$ 1,221,816</u>

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

10. Defined Benefit Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS) and additions to/deductions from TSERS' fiduciary net position have been determined on the same basis as they are reported by TSERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The School's employer contributions are recognized when due and the School has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS. Investments are reported at fair value.

F) Revenues, Expenditures, and Expenses

1. Funding

The School is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Additionally, the School receives, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective local school administrative unit for the fiscal year which is transferred by the appropriate local school administrative unit(s). [G.S. 115C-238.29H(b)]. For the fiscal year ended June 30, 2017, the School received funding from the Boards of Education for New Hanover, Brunswick, Duplin and Pender Counties.

Furthermore, the School has received donations of cash and/or equipment from private organizations. The cash is available to be used throughout the year for the School's various programs and activities.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Revenues, Expenditures, and Expenses (Continued)

2. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund statement of revenues, expenditures, and changes in fund balances is followed by a reconciliation between the change in governmental funds' fund balance and the change in governmental activities' net position as reported on the government-wide statement of activities. The net difference of \$1,957 between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ 6,792
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(151,759)
New debt issued during the year is recorded as a source of funds on the fund statements but has no effect on the statement of activities, only the statement of net position.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	199,012
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	170,972
Expenses reported on the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Compensated absences are accrued in the government-wide statements but not in the fund statements, as they do not use current resources.	(1,437)
Pension expense	<u>(221,623)</u>
Total	<u>\$ 1,957</u>

G) Use of Estimates and Assumption

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS

A) Assets

1. Deposits

At June 30, 2017, the School had deposits with banks with a carrying amount of \$1,474,358. The bank balance with the financial institutions was \$1,515,170. Of this balance, \$1,014,913 was not covered by federal depository insurance. As required by the revenue bond agreement (Note II.B)4.a.), the School maintains the majority of its cash at the same financial institution that services the revenue bond. The School does not have a deposit policy for custodial credit risk. The School holds \$420 in petty cash.

2. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,114,500	\$ -	\$ -	\$ 1,114,500
Construction in progress	58,826	-	-	58,826
	<u>1,173,326</u>	<u>-</u>	<u>-</u>	<u>1,173,326</u>
Capital assets being depreciated:				
Building	3,703,111	6,792	-	3,709,903
Land improvements	907,875	-	-	907,875
School equipment	116,428	-	-	116,428
Electronic equipment	120,614	-	-	120,614
Total assets being depreciated	<u>4,848,028</u>	<u>6,792</u>	<u>-</u>	<u>4,854,820</u>
Less accumulated depreciation for:				
Building	455,829	92,639	-	548,468
Land improvements	220,788	45,394	-	266,182
School equipment	74,577	13,726	-	88,303
Electronic equipment	101,434	-	-	101,434
Total accumulated depreciation	<u>852,628</u>	<u>151,759</u>	<u>-</u>	<u>1,004,387</u>
Total capital assets being depreciated, net	<u>3,995,400</u>			<u>3,850,433</u>
Total governmental activities capital assets, net	<u>\$ 5,168,726</u>			<u>\$ 5,023,759</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services	\$ 146,981
System-wide support services	4,778
	<u>\$ 151,759</u>

At June 30, 2017, capital assets included land held for sale in the amount of \$364,500.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Cape Fear Center For Inquiry is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reach age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan. TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50,

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

a. Teachers' and State Employees' Retirement System (Continued)

or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. School employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The School's contractually required contribution rate for the year ended June 30, 2017, was 9.98% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the School were \$173,170 for the year ended June 30, 2017.

Refunds of Contributions – School employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

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

At June 30, 2017, the School reported a liability of \$1,107,519 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The School's proportion of the net pension liability was based on a projection of the School's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2016 and at June 30, 2015, the School's proportion was .0120% and .0110%, respectively.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

a. Teachers' and State Employees' Retirement System (Continued)

For the year ended June 30, 2017, the School recognized pension expense of \$221,623. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 52,343
Changes in assumptions	163,332	-
Net difference between projected and actual earnings on pension plan investments	394,977	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,571	4,857
Employer contributions subsequent to the measurement date	170,972	-
Total	<u>\$ 752,852</u>	<u>\$ 57,200</u>

\$173,170 was reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a decrease of the net position liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 92,260
2019	93,792
2020	218,571
2021	120,056
2022	-
Thereafter	-
	<u>\$ 524,679</u>

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

a. Teachers' and State Employees' Retirement System (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

a. Teachers' and State Employees' Retirement System (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2015 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. 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.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

a. Teachers' and State Employees' Retirement System (Continued)

Sensitivity of the School's proportionate share of the net pension asset to changes in the discount rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the School's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
School's proportionate share of the net pension liability (asset)	\$ 2,083,030	\$ 1,107,519	\$ 287,249

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Other Postemployment Benefits

1. Healthcare Benefits

Plan Description. The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

1. Healthcare Benefits (Continued)

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establishes premium rates except as, may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2017, 2016, 2015, and 2014, the School paid all annual required contributions to the Plan for postemployment healthcare benefits of \$99,487, \$84,956, \$92,663, and \$89,046 respectively. These contributions represented 6.02%, 5.60%, and 5.49% of covered payroll, respectively.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

2. Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The Plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Funding Policy. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for workers' compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1. Pension Plan and Other Postemployment Obligations (Continued)

b. Other Postemployment Benefits (Continued)

2. Long-term Disability Benefits (Continued)

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for workers' compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which one might be entitled should one become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and is in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The School's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2017, 2016, 2015, and 2014, the Board paid all annual required contributions to the DIPNC for disability benefits of \$6,605, \$6,220, \$6,920, and \$7,256, respectively. These contributions represented 0.38%, 0.41%, 0.41%, and 0.44%, of covered payroll, respectively.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

2. Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources at year-end is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 23,571	\$ 4,857
Difference between projected and actual earnings on plan investments	394,977	-
Difference between expected and actual experience	-	52,343
Employer contributions subsequent to measurement date	170,972	-
Changes in assumptions	163,332	
Totals	<u>\$ 752,852</u>	<u>\$ 57,200</u>

3. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of \$1 million per occurrence with a commercial carrier.

The School also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the School are eligible to receive health care benefits up to a \$2 million lifetime limit. In addition, employees have the option of receiving health care benefits through one of the available health maintenance organizations (HMOs). The School pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan and makes an equal contribution for employees enrolled in one of the available HMO plan [G.S.115C-238.29F(e)(4)].

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and claims have not exceeded coverage in any of the past two fiscal years. The School carries flood insurance of \$315,200 through a private insurance company.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

4. Long-Term Obligations

a) Note Payable

The School refinanced its bond agreement as a note payable agreement in August 2015. The note bears interest at a rate of 3.05%. The note matures on August 15, 2022 with monthly payments, including principal and interest, of \$25,325. On June 30, 2017, the outstanding principal balance was \$3,283,046.

The future payments of the note payable for the years ending June 30 are as follows:

Year Ending June 30,	Principal
2018	\$ 205,263
2019	211,701
2020	218,109
2021	225,182
2022	232,245
Thereafter	2,190,546
Total	<u>\$ 3,283,046</u>

b) Changes in Long-Term Obligations

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
Note payable	\$ 3,482,058	\$ -	\$ 199,012	\$3,283,046	\$ 205,263
Net pension liability	437,433	670,086	-	1,107,519	-
Compensated absences	105,593	1,437	-	107,030	107,030
	<u>\$ 4,025,084</u>	<u>\$ 671,523</u>	<u>\$ 199,012</u>	<u>\$4,497,595</u>	<u>\$ 312,293</u>

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

II. DETAIL NOTES ON ALL FUNDS (Continued)

C) Interfund Balances and Activity

There was no interfund transfer activity during the year ended June 30, 2017.

D) Fund Balance

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, and local funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

The following schedule provides management and citizens with information on the portion of the General Fund balance that is available for appropriation.

Total fund balance	\$ 1,425,114
Less:	
Prepaid items	672
Remaining fund balance	<u>\$ 1,424,442</u>

III. RELATED PARTY TRANSACTIONS

Five employees of the School also serve as members of the governing board of Cape Fear Center for Inquiry. For the fiscal year ended June 30, 2017, these employees were paid salaries of \$222,770 from the State Public School Fund.

IV. NET INVESTMENT IN CAPITAL ASSETS

The net investment in capital assets at June 30, 2017 is as follows:

Total capital assets	\$ 5,023,759
Less: notes payable	<u>(3,283,046)</u>
	<u>\$ 1,740,713</u>

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The School has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2017

VI. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 1, 2017, the date of the issuance of these financial statements.

SUPPLEMENTARY INFORMATION

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Schedule of the School's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Four Fiscal Years *

Schedule 1

	2017	2016	2015	2014
School's proportion of the net pension liability	0.012%	0.011%	0.011%	0.011%
School's proportionate share of the net pension liability	\$ 1,107,519	\$ 437,433	\$ 129,434	\$ 667,812
School's covered-employee payroll	\$ 1,738,097	\$ 1,517,079	\$ 1,593,104	\$ 1,530,000
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.72%	28.83%	8.12%	43.65%
Plan fiduciary net position as a percentage of the total pension liability	87.32%	94.64%	98.24%	90.60%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Schedule of School Contributions
Teachers' and State Employees' Retirement System
Last Four Fiscal Years

Schedule 2

	2017	2016	2015	2014
Contractually required contribution	\$ 173,462	\$ 138,813	\$ 145,769	\$ 132,986
Contributions in relation to the contractually required contribution	173,462	138,813	145,769	132,986
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 1,738,097	\$ 1,517,079	\$ 1,593,104	\$ 1,530,000
Contributions as a percentage of covered-employee payroll	9.98%	9.15%	9.15%	8.69%

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA **Schedule 3**
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
All Fund Types
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina	\$ 2,363,596	\$ 2,349,254	\$ (14,342)
Boards of education:			
New Hanover County	940,392	940,392	-
Brunswick County	120,232	120,232	-
Pender County	9,812	9,812	-
Duplin County	-	1,008	1,008
U.S. Government	55,792	55,791	(1)
Fines and forfeitures	29,911	34,752	4,841
Donations	28,095	28,306	211
Others	83,806	82,636	(1,170)
Total revenues	<u>3,631,635</u>	<u>3,622,183</u>	<u>(9,453)</u>
EXPENDITURES			
Salaries and bonuses	1,955,563	1,943,776	11,787
Employee benefits	631,128	609,647	21,481
Books and supplies	87,427	66,410	21,017
Technology	53,335	46,968	6,367
Non-capitalized equipment and leases	77,551	70,894	6,657
Contracted student services	92,533	87,742	4,791
Staff development	19,000	12,571	6,429
Administrative services	96,203	91,597	4,606
Insurance	44,322	36,672	7,650
Rent	5,525	5,300	225
Facilities	130,539	101,185	29,354
Utilities	59,792	58,442	1,350
Nutrition and food	8,903	5,722	3,181
New site development	50,000	-	50,000
Capital campaign	27,530	27,530	-
Transportation and travel	186	186	-
Total	<u>3,339,537</u>	<u>3,164,642</u>	<u>174,895</u>
Capital outlay	<u>9,598</u>	<u>-</u>	<u>9,598</u>
Debt service:			
Principal	199,012	199,012	-
Interest	104,889	104,889	-
Total debt service	<u>303,901</u>	<u>303,901</u>	<u>-</u>
Total expenditures	<u>3,653,036</u>	<u>3,468,543</u>	<u>184,493</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Fund balance appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	<u>\$ (21,401)</u>	<u>\$ 153,640</u>	<u>\$ 175,041</u>

COMPLIANCE SECTION

**Independent Auditors' 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
Cape Fear Center for Inquiry
Wilmington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cape Fear Center for Inquiry, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Cape Fear Center for Inquiry's basic financial statements, and have issued our report thereon dated October 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cape Fear Center for Inquiry'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 Cape Fear Center for Inquiry's internal control. Accordingly, we do not express an opinion on the effectiveness of Cape Fear Center for Inquiry'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 the internal control was for 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 we did not identify any deficiencies in internal control that we 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 Cape Fear Center for Inquiry's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Rives & Associates LLP

Raleigh, North Carolina
October 1, 2017



Rives & Associates, LLP
Certified Public Accountants

Member:
American Institute of
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

Independent Auditors' Report On Compliance For Each Major State Program and on Internal Control Over Compliance Required By OMB Uniform Guidance and the State Single Audit Implementation Act

To the Board of Directors
Cape Fear Center for Inquiry
Wilmington, North Carolina

Report on Compliance for Each Major State Program

We have audited Cape Fear Center for Inquiry, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Cape Fear Center for Inquiry's major State programs for the year ended June 30, 2017. The Cape Fear Center for Inquiry's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Cape Fear Center for Inquiry's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Cape Fear Center for Inquiry's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the Cape Fear Center for Inquiry's compliance.

Opinion on Each Major State Program

In our opinion, the Cape Fear Center for Inquiry complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on its major State program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Cape Fear Center for Inquiry is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Cape Fear Center for Inquiry's internal control over compliance with the types of requirements that are appropriate in the circumstances that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cape Fear Center for Inquiry's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rivers & Associates LLP

Raleigh, North Carolina
October 1, 2017

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on whether the financial statements
were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ yes ✓ no

Significant deficiency(s) identified that are
not considered to be material weaknesses? _____ yes ✓ none reported

Noncompliance material to financial statements noted _____ yes ✓ no

State Awards

Internal control over major State programs:

Material weaknesses identified? _____ yes ✓ no

Significant deficiency(s) identified that are
not considered to be material weakness(es)? _____ yes ✓ none reported

Type of auditors' report issued on compliance for
major State programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with the State Single
Audit Implementation Act

_____ yes ✓ no

Identification of major State programs:

Program Name

State Public School Fund - Charter Schools

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Summary Schedule of Prior Year Audit Finding
For the Year Ended June 30, 2017

No findings disclosed in the prior year

CAPE FEAR CENTER FOR INQUIRY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass- Through Grantor's Number	Expenditures
FEDERAL GRANTS			
<u>U.S. Department of Education</u>			
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction			
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)			
Education of the Handicapped	84.027	PRC 060	\$ 54,322
Special Education - Special Needs			
Targeted Assistance	84.027	PRC 118	1,469
Total Special Education Cluster			55,791
Total U.S. Department of Education			55,791
Total federal assistance			55,791
STATE GRANTS			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund - Charter School		PRC 036	2,291,864
State Public School Fund - Behavioral Support		PRC 029	50,000
State Public School Fund - Summer Reading Program		PRC 016	7,390
Total State assistance			2,349,254
Total federal and State assistance			\$ 2,405,045

Note to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Cape Fear Center for Inquiry under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Development Committee Minutes

November 14, 2017

Members Present: Lori Benazzi, Sarah McCorcle, Todd Fischer, Kelly Rooney, Lori Roy, Kathy Coke

Discussion Item: Consulting Contract

The Development Committee recommends approval of the consulting agreement contract pending legal review.

We would like to discuss with Mr. Johnson payment by deliverables instead of the 4 payments presented. The committee discussed clarifying the “client’s” terms and conditions including termination of contract, changing the scope of work, etc.



Member:
American Institute of
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

October 1, 2017

To the Board of Directors and Management of
Cape Fear Center for Inquiry
Wilmington, North Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cape Fear Center for Inquiry for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 3, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Cape Fear Center for Inquiry are described in Note I to the financial statements. The School did not implement any new standards during the year ended June 30, 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the School's financial statements were:

Management's estimate of depreciation is based on an analysis of estimated useful lives of individual assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

4515 Falls of Neuse Road, Suite 450
Raleigh, NC 27609
Phone: 919-832-6848
Fax: 919-832-7288

212 West Center Street
P.O. Box 1991
Lexington, NC 27293
Phone: 336-248-8281
Fax: 336-248-2335

1023 W. Morehead Street, Suite 100
Charlotte, NC 28208
Phone: 704-372-0960
Fax: 704-372-1458

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 1, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and board members of Cape Fear Center for Inquiry and is not intended to be and should not be used by anyone other than these specified parties.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of management and the board of directors of Cape Fear Center for Inquiry and is not intended to be, and should not be, used by anyone other than these specified parties

Very truly yours,

Rives & Associates LLP

Raleigh, North Carolina



Rives & Associates, LLP
Certified Public Accountants

*Member:
American Institute of
Certified Public Accountants*

*Member:
North Carolina Association of
Certified Public Accountants*

www.rivescpa.com

4515 Falls of Neuse Road, Suite 450
Raleigh, NC 27609
Phone: 919-832-6848
Fax: 919-832-7288

212 West Center Street
P.O. Box 1991
Lexington, NC 27293
Phone: 336-248-8281
Fax: 336-248-2335

1023 W. Morehead Street, Suite 100
Charlotte, NC 28208
Phone: 704-372-0960
Fax: 704-372-1458

CFCI Parent and Family Engagement Policy DRAFT

Cape Fear Center for Inquiry (CFCI) agrees to implement the following statutory requirements:

A. CFCI will be governed by the following statutory definition of parental involvement and will carry out programs, activities, and procedures in accordance with this definition:

Parental involvement means the participation of parents/guardians in regular, two-way and meaningful communication involving student academic learning and other school activities, including ensuring:

- That parents/guardians play an integral role in assisting their child's learning;
- That parents/guardians are encouraged to be actively involved in their child's education at school;
- That parents/guardians are full partners in their child's education and are included, as appropriate, in decision making and on advisory committees, to assist in the education of their child; and
- The carrying out of other activities, such as those described in section 1118 of the Elementary and Secondary Education Act (ESEA).

B. CFCI will put into operation programs, activities, and procedures for the involvement of parents/guardians consistent with section 1118 of the ESEA. Those programs, activities and procedures will be planned and operated with meaningful consultation with parents/guardians of participating children.

C. Consistent with section 1118, CFCI will work to ensure that the required school-level parental involvement policies meet the requirements of section 1118 (b) of the ESEA, and each include, as a component, a school/parent compact consistent with section 1118 (d) of the ESEA.

D. CFCI will incorporate this parental involvement policy into its Local Educational Agency (LEA) Plan developed under section 1112 of the ESEA.

E. In carrying out the Title I, Part A parental involvement requirements, to the extent practicable, CFCI will provide full opportunities for the participation of parents/guardians with limited English proficiency, parents/guardians with disabilities, and parents/guardians of migratory children, including providing information and school reports required under section 1111 of the ESEA in an understandable and uniform format and, including alternative format upon request, and, to the extent practicable, in a language parents/guardians understand.

F. If CFCI's Plan for Title I, Part A, developed under section 1112 of the ESEA, is not

satisfactory to the parents/guardians of participating children, the school system will submit parent/guardian comments along with the plan when it is submitted to the North Carolina State Department of Education.

G. CFCI will involve the parents/guardians of children served in Title I, Part A schools in decisions about how the one percent (1%) of Title I, Part A funds reserved for parental involvement is spent and will ensure that not less than ninety-five percent (95%) of the one percent (1%) reserved goes directly to the school.

H. CFCI will inform parents/guardians and parental organizations of the purpose and existence of the Parental Information and Resource Center in the state.

LEGAL REFS: 20 USC 6311, 20 USC 6312, 20 USC 6318, 20 USC 7801