

COMMUNITY LEADERSHIP ACADEMY

A Colorado State PK-5 Charter School

VICTORY PREPARATORY ACADEMY

A Colorado State Middle/High Charter School

COMMUNITY LEADERSHIP ACADEMY, INC.

COMMERCE CITY, COLORADO

FINANCIAL STATEMENTS

WITH THE INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Leadership Academy, Inc.
Commerce City, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Community Leadership Academy, Inc. (the School) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the 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 schedule of expenditures of federal 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 report dated October 9, 2026, on our consideration of the School'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 of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

DMC Auditing and Consulting, LLC

October 9, 2026
Bailey, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMUNITY LEADERSHIP ACADEMY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Community Leadership Academy, Inc., (also referred to as the "Academy") we offer readers of the audited financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2026. Community Leadership Academy, Inc. provides instructional programs at two locations: 1) Community Leadership Academy on Holly Street serving elementary grades Pre-K through 5th and 2) Victory Preparatory Academy on Quebec Street serving secondary grades 6 through 12. The activities of both schools are included in the financial statements and were included in the audit of Community Leadership Academy, Inc.

1. OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Academy's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner like private-sector businesses.

The statement of net position presents information on all Academy assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected grant revenues and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the Academy supported primarily by per pupil revenue (PPR) passed through from the Colorado Charter School Institute (CSI). The governmental activities of the Academy include instruction, supporting services, food service, and debt service. The government-wide financial statements can be found on pages 4-5 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Academy are governmental funds including general and special revenue funds. The fund financial statements can be found on pages 6 and 8 of this report.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Academy's near-term financing decisions. When applicable, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations on pages 6 and 8 to facilitate this comparison between governmental funds and governmental activities.

The Academy adopts an annual budget for its one governmental fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 10 through 31.

2. FINANCIAL SUMMARY

In 2018 the Academy implemented GASB 75 which requires reporting of the Academy's share of Post-employment Healthcare Benefits administered by the Public Employees' Retirement Association of Colorado (PERA). Under GASB 75, the Academy's proportionate share of the net OPEB liability of the Health Care Trust Fund (HTCF) is recorded as a liability of the Academy. As of June 30, 2026, the net OPEB liability was $103,929 compared to $118,328 the prior year.

Under GASB 68, which was implemented in 2015, the Academy's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association (PERA), is recorded as a liability of the Academy. As of June 30, 2026, the net pension liability was $9,404,011 compared to $9,251,246 the prior year.

Deferred outflows of resources increased to $2,106,944 compared to $2,140,486 the prior year. Deferred inflows of resources decreased to $1,504,511 compared to $976,546 the prior year.

The net effect of these changes related to pension and OPEB resulted in a negative change in net position in the amount of $699,873.

The Building Corporations were formed for the specific purpose of holding title to real and/or personal property for the Academy, to make the same available for use by the schools. Building Corporation I holds title to property at the Holly Street location for the benefit of the elementary school, Community Leadership Academy, serving Pre-K through fifth grade students. Building Corporation II holds title to property at the Quebec Street location for the benefit of the secondary school, Victory Preparatory Academy, serving grades 6th through 12th. Revenue to pay debt obligations is intercepted by the State treasurer from per pupil revenue distributed from the State each month for deposit into accounts in the custody of an authorized financial institution trustee. The trustee makes all principal and interest payments in accordance with amortization schedules established at the time bonds to construct school buildings were issued in 2008 and 2013. Interest earned in the accounts is evaluated at each payment date to determine amounts in excess of the amount required to pay debt. Excess funds must be distributed to Community Leadership Academy, Inc. and are reported as transfers between building corporation funds and the general fund.

3. DETAILED ANALYSIS

GOVERNMENT-WIDE STATEMENTS:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources by $1,685,714 as of the close of the 2025-26 fiscal year compared to $2,864,752 the prior year. The negative balance is primarily due to the adoption of GASB Statement No. 68 in 2015 and No. 75 in 2018 whereby the Academy reports its proportionate share of the state retirement system plan and post-employment healthcare benefits as liabilities on its financial statement.

Statement of Net Position
Governmental Activities

	30-Jun-26	30-Jun-25	Net Change
Current and other assets	$ 9,785,927	$ 11,789,400	$ (2,003,473)
Capital assets	$ 20,247,509	$ 18,012,893	$ 2,234,616
TOTAL ASSETS	$ 30,033,436	$ 29,802,293	$ 231,143
DEFERRED OUTFLOWS OF RESOURCES	$ 2,106,944	$ 2,140,486	$ (33,542)
Current liabilities	$ 1,034,794	$ 3,193,181	$ (2,158,387)
Other liabilities	$ 30,780,113	$ 30,637,804	$ 142,309
TOTAL LIABILITIES	$ 31,814,907	$ 33,830,985	$ (2,016,078)
DEFERRED INFLOWS OF RESOURCES	$ 1,504,511	$ 976,546	$ 527,965
Net Position			
Net Investment in Capital Assets	$ (998,836)	$ (3,491,993)	$ 2,493,157
Restricted for Preschool Program	$ 171,322	$ 141,431	$ 29,891
Restricted for Debt Service	$ 2,753,397	$ 2,785,471	$ (32,074)
Restricted for Repairs & Replacement	$ 214,384	$ 212,090	$ 2,294
Restricted for Emergencies	$ 325,000	$ 310,000	$ 15,000
Unrestricted	$ (3,644,305)	$ (2,821,751)	$ (822,554)
TOTAL NET POSITION	$ (1,179,038)	$ (2,864,752)	$ 1,685,714

Cash and investments make up 31.6% of the Academy's total assets of which 38.2% is restricted in the building corporations for repair and replacement of capital assets and to repay debt. Capital assets, which reflect the Academy's investment in real and personal property and equipment, currently make up 67.4% of total assets. The remaining assets,

primarily grants receivable, make up 1.0% of total assets. Overall total assets increased $231,143 due to an increase in capital assets offset by a decrease in cash and investments.

Current liabilities decreased by $2,158,387 primarily due to elimination of unearned revenue because of completion of the electric bus acquisition project. Other liabilities increased $142,309 due to the net changes to pension and OPEB liabilities. The net pension liability at the end of the current fiscal year is $9,404,011 compared to $9,251,246 for 2025. The net OPEB liability at the end of the current fiscal year is $103,929 compared to $118,328 for 2025.

Overall deferred inflows and outflows had a negative impact on the net position of the Academy in the amount of $561,507. Deferred outflow of resources decreased $33,542 from $2,140,486 for 2025 to $2,106,944 for 2026. Deferred inflow of resources increased $527,965 from $976,546 for 2025 to $1,504,511 for 2026.

Community Leadership Academy, Inc.
Statement of Activities
For the Years Ended June 30, 2026 and June 30, 2025

	30-Jun-26	30-Jun-25	Net Change
Program Revenue:			
Charges for Services	$ 9,242	$ 9,685	$ (443)
Grants & Contributions	$ 4,174,664	$ 2,022,998	$ 2,151,666
Total Program Revenue	$ 4,183,906	$ 2,032,683	$ 2,151,223
General Revenue:			
Per Pupil Operating Revenue	$ 7,247,841	$ 7,313,798	$ (65,957)
At-Risk Supplemental Aid	$ 15,649	$ 21,421	$ (5,772)
Mill Levy Equalization	$ 1,616,009	$ 1,604,154	$ 11,855
Investment Income	$ 327,207	$ 382,097	$ (54,890)
Other	$ 205,877	$ 57,636	$ 148,241
Total General Revenue	$ 9,412,583	$ 9,379,106	$ 33,477
Total Revenue	$ 13,596,489	$ 11,411,789	$ 2,184,700
Expenses:			
Current:			
Instruction	$ 4,826,628	$ 4,279,791	$ 546,837
Supporting Services	$ 4,758,092	$ 4,582,865	$ 175,227
Food Service	$ 806,313	$ 751,957	$ 54,356
Interest on Long-term Debt	$ 1,519,742	$ 1,530,873	$ (11,131)
Total Expenses	$ 11,910,775	$ 11,145,486	$ 765,289
CHANGE IN NET POSITION	$ 1,685,714	$ 266,303	$ 1,419,411
NET POSTION, Beginning	$ (2,864,752)	$ (3,131,055)	$ 266,303
NET POSTION, Ending	$ (1,179,038)	$ (2,864,752)	$ 1,685,714

Total revenue increased $2,184,700 compared to the prior year due, in part, to local, state, and federal grants totaling $2,522,894 for the purchase of electric buses and construction of charging stations. Other federal grants decreased $349,083 primarily due to the end of a four-year grant to support literacy that ended as of 6-30-2025. Per pupil revenue from the State decreased $65,957 due to a $490 increase to per pupil operating revenue from

the State offset by a decrease in funded pupil count of 24. Funding for pre-kindergarten education increased $61,894. Investment income decreased from $382,097 in 2025 to $327,207 in 2026. Other state grants increased $33,655 due to the $17,778 increase in the Academy's share of PERA paid by the State on behalf of schools and $15,877 in net fluctuations to other state grants. Other local revenue increased $36,185 due to a change to quarterly distributions of ERATE funding causing a one-time increase of $23,761 plus a first-time local grant of $5000 from The Laura Bush Foundation for Reading.

Overall expenses increased $765,289, of which $699,873 is related to the change in pension and OPEB liabilities, inflows, outflows, and related pension expenses recognized under GASB 68 and 75. The $699,873 cost of changes to pension and OPEB are allocated to all functional lines of expenditures. Instructional expenses increased by $546,837 while supporting services expenses increased by $175,227 and food service costs driven by the number of meals served increased $54,356. Interest expense decreased $11,131.

Salary and benefit costs increased $592,452 or 10% over the prior year due in part to improved salary schedules to compete with surrounding schools when hiring and retaining staff. PERA and Medicare costs increase by 22.85% on any salary cost increase. Purchased services decreased $147,262 due in part to less being paid for temporary staff services purchased through employment agencies and bus leases costs eliminated when gas buses were returned as the electric buses became operational. Supplies costs decreased $133,764 because of current year textbooks purchased in the prior year from grants that were due to end as of 6-30-2025 and a decrease in food costs due to fewer meals served because of the lower enrollment.

GOVERNMENTAL FUND STATEMENTS:

As noted earlier, the Community Leadership Academy, Inc. uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund: The focus of the Academy's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Academy's financing requirements. Unrestricted, unassigned fund balance may serve as a useful measure of the Academy's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Academy reported fund balance in its general fund of $5,783,352 compared to $5,835,314 the prior year, which is a decrease of $51,562 compared to an increase of $528,434 the prior year. The prior year increase was the result of a mill levy override referendum passed by Commerce City School District #14 which was shared with the charter schools located within district boundaries. The current year's decrease was caused by the added cost of hiring and training a replacement for a key position when a long-time employee retired.

The Building Corporations are reported as special revenue funds combined with the general fund when reporting total governmental operations. As of the end of the current fiscal year,

the fund balance for Building Corporation I is $1,226,221 compared to $1,216,638 at the end of the prior fiscal year, an increase of $9,583. Building Corporation II reported a fund balance of $2,399,420 as of the end of the current fiscal year compared to $2,450,449 the prior year, an increase of $51,029 caused by the distribution of excess funds that had accumulated over several years in the Debt Reserve account.

Governmental Fund revenue, which includes revenue from the building corporations with revenue totaling $2,018,067, was $15,505,945 for the current year compared to $13,320,744 for FY2024-25, an increase of $2,185,201. Revenue from general operations increased $2,522,894 from local, state, and federal grants for purchase electric buses and construction of charging stations and decreased by $372,601 when a four-year reading grant ended as of 6-30-2025.

Other financing sources include $154,997 recognized as lease proceeds from a 5-year lease of one gas bus. Under GASB 87, leased equipment must be capitalized as a Right to Use asset even though there is no ownership right at the end of the lease and the present value of the monthly payments must be recorded as debt and future lease payments are reclassified as interest and principal payments.

Government Fund Expenditures totaled $15,754,350 for the current year compared to $12,736,935 the prior year, an increase of $3,017,415. Capital outlay increased $2,677,710 due to purchase of buses and charging stations. Salaries and benefits increased by $592,542 due to improved salary schedules and related PERA and Medicare. Supplies decreased $113,764 due to textbooks purchased from a reading grant in the prior year for use in the current year. Purchased services decreased $147,626 due in part to elimination of lease payments when gas buses were returned and electric buses were put into service.

4. CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital assets: Building Corporation I owns land with a carrying value of $820,000 and building and improvements capitalized at $6,867,919 at June 30, 2026. Equipment totaled $284,093. The net carrying value of Building Corporation I capital assets after subtracting accumulated depreciation is $6,335,696.

Building Corporation II owns land with a carrying value of $750,000 and buildings and improvements capitalized at $11,975,345 at June 30, 2026. Equipment totaled $306,956. The net carrying value of Building Corporation II capital assets after subtracting accumulated depreciation is $11,104,065.

Other general capital assets include equipment totaling $3,409,260 that includes current year additions totaling $2671,192. Additions include six electric buses totaling $2,341,032, four charging stations totaling $175,163 and a gas bus costing $154,997. Accumulated depreciation totals $601,512 resulting in carrying value at June 30, 2026 of $2,807,748.

Long-term debt: In February 2008, the Building Corporation issued $8,810,000 in bonds under an agreement with the Colorado Educational and Cultural Facilities Authority (CECFA) at a net interest cost of 6.5%. The proceeds were used, in part to create a debt

service reserve of $675,714 and pay debt issuance costs of $300,644. The remaining proceeds were used to acquire capital assets described above for the Building Corporation. The Academy makes lease payments to the Building Corporation for use of the facility, which the corporation uses to make the required principal and interest payments on the bonds. These transactions flow through the State intercept program where the State withholds a portion of the school finance act funding and transfers the funds to the designated trustee that in turn makes the principal and interest payments when due.

In August 2013 Building Corporation II entered into an agreement with the Colorado Educational and Cultural Facilities Authority (CECFA) to issue bonds totaling $16,065,000 at interest rates ranging from 7% to 7.45%. Some of the proceeds were used to pay an existing loan of $1,868,700 and debt issuance costs totaling $700,400. Proceeds were also used to create a debt service reserve of $1,606,500 and a capitalized interest fund of $2,169,000. The remaining proceeds were used to construct and equip a high school facility as described above for the Building Corporation II. The Academy makes lease payments to Building Corporation II for use of the facility, which the corporation uses to make the required principal and interest payments on the bonds. These transactions flow through the State intercept program where the State withholds a portion of the school finance act funding and transfers the funds to the designated trustee that in turn makes the principal and interest payments when due.

The long-term debt balance at 6-30-2025 was $21,504,886. During 2025-26 long-term debt increased by $154,997 from the Right-to-Use lease liability related to the 5-year lease of a 2026 Blue Bird gas bus with an implicit interest rate of 2.485%. Long-term Debt decreased $387,710 from principal payments and discount amortization leaving a balance of $21,272,173 at 6-30-2026 with $434,663 due within one year.

5. FACTS, DECISIONS AND CONDITIONS AFFECTING PLANNING AND BUDGETING

Enrollment is critical to generating the funding needed to meet the challenges related to debt obligations. The Academy developed a strategic growth plan to ensure that it remained financially stable as it expanded to a Pre-K through 12th grade school. The economy was recovering with consistent increases to per pupil funding in recent years until the pandemic escalated in 2020 and 2021 resulting in a 6.9% decrease in per pupil funding for 2020-21. Per pupil funding for 2021-22 increased 16.1% to restore funding lost during the pandemic. To eliminate the negative adjustment from recession years and provide a typical annual increase the State increased per pupil revenue 10.8% for 2022-23, 6.9% for 2023-24, 7.4% for 2024-25 and 4.0% for 2025-26. The State approved a new Finance Act formula for distributing funding to schools. FY2026-27 will be a phase in year limiting the maximum impact on schools. Full implementation occurs in 2027-28. Management continues to monitor the changes in enrollment, per pupil funding and operating costs with the goal of a balanced budget and to ensure that the Academy meets its obligations.

Annual lease payments to Building Corporations I and II, which provide the resources to pay debt obligations, continue to be a challenge. The Academy has a level of enrollment that generates the revenue necessary to pay the maximum lease payments. The annual

commitment is nearly 14% of the total budgeted expenditures. Lease payments are $667,100 for Building Corporation I and $1,242,500 for Building Corporation II.

Salaries and benefits make up 45% of budgeted expenditures and are an annually increasing challenge. Health insurance premiums have increased by double digits annually in recent years. Salaries offered by surrounding schools who levy additional taxes to improve salary schedules have outpaced the Academy's ability to match the salaries and compete for staff.

Management goals when preparing a budget are that academic achievement remains the primary focus and that the budget is balanced where revenues equal expenditures.

UNUSUAL AND INFREQUENT ITEMS:

Grants totaling $2,530,500 were received in 2025-26, which is not expected to be repeated. The grants were awarded to purchase six electric buses, construct four charging stations and provide training and cover incidental costs. As the buses need to be replaced, the Academy will need to fund those purchases from general resources. That will put an extreme burden on future budgets. The Academy needs to develop a long-term capital equipment replacement plan and create a reserve for capital preservation to accumulate annual resources to purchase replacement buses and mitigate the burden on future annual budgets.

BUDGETARY COMPARISON INFORMATION

The primary difference between the final and original budget is the addition of the grant funded electric bus and charging station project and the capitalization of the leased gas bus under Right to Use Asset accounting standards.

					ACTUAL
	ORIGINAL	FINAL	BUDGET	2025-26	Over(Under)
	BUDGET	BUDGET	Incr(Decr)	ACTUAL	BUDGET
REVENUES					
LOCAL SOURCES	8,055,000	7,694,970	(360,030)	7,681,556	(13,414)
STATE SOURCES	2,474,200	2,964,970	490,770	3,133,600	168,630
FEDERAL SOURCES	759,100	2,550,060	1,790,960	2,672,722	122,662
TOTAL REVENUES	**11,288,300**	**13,210,000**	**1,921,700**	**13,487,878**	**277,878**

	ORIGINAL BUDGET	FINAL BUDGET	BUDGET Incr(Decr)	2025-26 ACTUAL	Over(Under) BUDGET
EXPENDITURES					
INSTRUCTION	4,308,800	4,561,700	252,900	4,427,014	(134,686)
SUPPORTING SERVICES					
Student Services	350,700	350,700	-	403,148	52,448
Instructiona Staff Svcs	670,500	661,500	(9,000)	551,706	(109,794)
General Administration	175,500	135,500	(40,000)	78,813	(56,687)
School Administration	554,100	554,100	-	498,731	(55,369)
Business Services	211,800	211,800	-	234,324	22,524
Operations & Mntnce	2,915,400	2,915,400	-	2,864,854	(50,546)
Student Transportation	400,300	3,054,250	2,653,950	2,982,612	(71,638)
Central Services	1,083,900	1,036,000	(47,900)	1,028,431	(7,569)
Total Supporting Services	6,362,200	8,919,250	2,557,050	8,642,619	(276,631)
FOOD SERVICE	719,800	719,800	-	767,371	47,571
DEBT SERVICE					
Principal	-	7,300	7,300	7,301	1
Interest & Fees	17,500	16,950	(550)	13,340	(3,610)
Total Debt Services	17,500	24,250	6,750	20,641	(3,609)
TOTAL EXPENDITURES	**11,408,300**	**14,225,000**	**2,816,700**	**13,857,645**	**(367,355)**
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	**(120,000)**	**(1,015,000)**	**(895,000)**	**(369,767)**	**645,233**
OTHER SOURCES (USES)					
Lease Proceeds	-	155,000	155,000	154,997	(3)
Transfers In	120,000	210,000	90,000	162,808	(47,192)
TOTAL OTHER SOURCES (USES)	**120,000**	**365,000**	**245,000**	**317,805**	**(47,195)**
CHANGE IN FUND BALANCE	**-**	**(650,000)**	**(650,000)**	**(51,962)**	**598,038**

For the purpose of disclosing causes of significant variances between budget and actual, significant is defined as greater than 5%. Total revenues were over budget by $277,878, which is 2.1% of budget. Total expenditures were under budget by $367,355, which is 2.5% of budget. Neither variance is significant.

Variances by line item that exceed 5% include State Sources which are over budget by $168,630 caused by Universal Preschool funding being over budget by $83,731 as a result of increased per student funding and higher enrollment in preschool and Mill Levy Equalization funding being $71,159 over budget due to higher-than-expected tax collections from the mill levy override approved in 2024-25.

Food Service expenditures were over budget by $47,571 primarily caused by the value of commodities received from the federal government being three times higher than prior years.

Business Services expenditures were over budget by $22,524 caused by the added cost of hiring and training new staff upon the retirement of a long-time employee in a critical position.

Student Support Services were over budget by $52,448 primarily due to a $33,000 increase in Psychology services cost, some of which is caused by invoices from 2024-25 not received until 2025-26.

Three functional areas were significantly under budget as follows: Instructional Staff Services was under budget by $109,794 as a result of not filling a position; General Administration was under budget by $55,687 due to significantly lower cost of legal services since there was no need to negotiate a new charter contract; and School Administration was under budget by $55,369 due in part to reduced graduation cost by changing the graduation ceremony venue.

Excess funds transferred into the General Fund were $47,192 under budget. UMB bank trust representatives determine when and how much needs to be transferred. There was a change in staff who interpreted the timing for the distributions differently than the previous representative shifting the distribution from June to July and into the next fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Community Leadership Academy's finances for all those with an interest in the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be submitted in writing and addressed to Ron Jajdelski, Executive Director, Community Leadership Academy, Inc., 6880 Holly Court, Commerce City, CO 80022.

BASIC FINANCIAL STATEMENTS

COMMUNITY LEADERSHIP ACADEMY, INC.
STATEMENT OF NET POSITION
June 30, 2026

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 5,849,539
Restricted Cash and Investments	3,625,641
Accounts Receivable	144,061
Grants Receivable	157,114
Inventories	9,572
Capital Assets, *Not Being Depreciated*	1,570,000
Capital Assets, *Net of Accumulated Depreciation*	18,677,509
TOTAL ASSETS	30,033,436
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, *Net of Accumulated Amortization*	2,039,881
OPEB, *Net of Accumulated Amortization*	67,063
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,106,944
LIABILITIES	
Accounts Payable	75,661
Accrued Salaries and Benefits	301,273
Accrued Interest Payable	657,860
Noncurrent Liabilities	
Due Within One Year	434,663
Due in More Than One Year	20,837,510
Net Pension Liability	9,404,011
Net OPEB Liability	103,929
TOTAL LIABILITIES	31,814,907
DEFERRED INFLOWS OF RESOURCES	
Pensions, *Net of Accumulated Amortization*	1,383,573
OPEB, *Net of Accumulated Amortization*	120,938
TOTAL DEFERRED INFLOWS OF RESOURCES	1,504,511
NET POSITION	
Net Investment in Capital Assets	(998,836)
Restricted for:	
Debt Service	2,753,398
Preschool	171,322
Repair and Replacement	214,383
Emergencies	325,000
Unrestricted	(3,644,305)
TOTAL NET POSITION	$ (1,179,038)

See Notes to the Financial Statements.

COMMUNITY LEADERSHIP ACADEMY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2026

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	$ 4,826,628	$ 1,332	$ 774,275	$ -	$ (4,051,021)
Supporting Services	4,758,092	-	730,128	2,124,393	(1,903,571)
Food Service	806,313	7,910	545,868	-	(252,535)
Interest on Long-Term Debt	1,519,742	-	-	-	(1,519,742)
TOTAL GOVERNMENTAL ACTIVITIES	$ 11,910,775	$ 9,242	$ 2,050,271	$ 2,124,393	(7,726,869)
GENERAL REVENUES					
Per Pupil Revenue					7,247,841
Mill Levy Equalization					1,616,009
Additional At-Risk Funding					15,649
Investment Income					327,207
Other					205,877
TOTAL GENERAL REVENUES					9,412,583
CHANGE IN NET POSITION					1,685,714
NET POSITION, Beginning					(2,864,752)
NET POSITION, Ending					$ (1,179,038)

See Notes to the Financial Statements.

COMMUNITY LEADERSHIP ACADEMY, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2026

	GENERAL	BUILDING CORPORATION	BUILDING CORPORATION II	TOTAL
ASSETS				
Cash and Investments	$ 5,849,539	$ -	$ -	$ 5,849,539
Restricted Cash and Investments	-	1,226,221	2,399,420	3,625,641
Accounts Receivable	144,061	-	-	144,061
Grants Receivable	157,114	-	-	157,114
Prepaid Expenditures	-	-	-	-
Inventories	9,572	-	-	9,572
TOTAL ASSETS	$ 6,160,286	$ 1,226,221	$ 2,399,420	$ 9,785,927
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 75,661	$ -	$ -	$ 75,661
Accrued Salaries and Benefits	301,273	-	-	301,273
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	376,934	-	-	376,934
FUND BALANCES				
Nonspendable Inventories	9,572	-	-	9,572
Restricted for:				
Debt Service	-	1,170,316	2,240,942	3,411,258
Preschool	171,322			171,322
Repair and Replacement	-	55,905	158,478	214,383
Emergencies	325,000	-	-	325,000
Unassigned	5,277,458	-	-	5,277,458
TOTAL FUND BALANCES	5,783,352	1,226,221	2,399,420	9,408,993
TOTAL LIABILITIES AND FUND BALANCES	$ 6,160,286	$ 1,226,221	$ 2,399,420	$ 9,785,927

See Notes to the Financial Statements.

COMMUNITY LEADERSHIP ACADEMY, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2026

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:		
Total Fund Balances of Governmental Funds	$	9,408,993
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		20,247,509
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(657,860)
Bonds Payable		(21,246,345)
Net Pension Liability		(9,404,011)
Compensated Absences		(25,828)
Pension-Related Deferred Outflows of Resources		2,039,881
Pension-Related Deferred Inflows of Resources		(1,383,573)
Net OPEB Liability		(103,929)
OPEB-Related Deferred Outflows of Resources		67,063
OPEB-Related Deferred Inflows of Resources		(120,938)
Total Net Position of Governmental Activities	$	(1,179,038)

See Notes to the Financial Statements.

COMMUNITY LEADERSHIP ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2026

	GENERAL	BUILDING CORPORATION	BUILDING CORPORATION II	TOTAL
REVENUES				
Local Sources	$ 7,681,556	$ 701,003	$ 1,317,064	$ 9,699,623
State Sources	3,133,600	-	-	3,133,600
Federal Sources	2,672,722	-	-	2,672,722
TOTAL REVENUES	13,487,878	701,003	1,317,064	15,505,945
EXPENDITURES				
Current				
Instruction	4,427,014	-	-	4,427,014
Supporting Services	8,642,619	-	-	8,642,619
Food Service	767,371	-	-	767,371
Debt Service				
Principal	7,301	280,000	100,000	387,301
Interest and Fees	13,340	380,788	1,135,917	1,530,045
TOTAL EXPENDITURES	13,857,645	660,788	1,235,917	15,754,350
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(369,767)	40,215	81,147	(248,405)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	154,997	-	-	154,997
Transfers In	162,808	-	-	162,808
Transfers Out	-	(30,632)	(132,176)	(162,808)
TOTAL OTHER FINANCING SOURCES (USES)	317,805	(30,632)	(132,176)	154,997
CHANGES IN FUND BALANCES	(51,962)	9,583	(51,029)	(93,408)
FUND BALANCES, Beginning	5,835,314	1,216,638	2,450,449	9,502,401
FUND BALANCES, Ending	$ 5,783,352	$ 1,226,221	$ 2,399,420	$ 9,408,993

See Notes to the Financial Statements.

COMMUNITY LEADERSHIP ACADEMY, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2026

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Net Change in Fund Balances of Governmental Funds	$	(93,408)
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 expense:		
Depreciation Expense		(436,575)
Capital Outlay		2,671,191
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		387,301
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items, including amortization expense related to loan discount.		(1,363)
Lease Proceeds		(154,997)
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. This includes the changes in the following:		
Accrued Interest Payable		11,666
Compensated Absences		1,772
Net Pension Liability		(152,765)
Pension-Related Deferred Outflows of Resources		(67,873)
Pension-Related Deferred Inflows of Resources		(876,526)
Net OPEB Liability		14,399
OPEB-Related Deferred Outflows of Resources		34,331
OPEB-Related Deferred Inflows of Resources		348,561
Change in Net Position of Governmental Activities	$	1,685,714

NOTE 1: Summary of Significant Accounting Policies

Community Leadership Academy, Inc. (the School) was organized in 2004 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Adams County School District 14 in the State of Colorado. In 2011, the School entered into a contract with the Colorado Charter School Institute to authorize the School pursuant to State statutes. The School currently operates an elementary school, Community Leadership Academy, and a middle and high school, Victory Preparatory Academy.

The activities of both schools are included in these financial statements. The accounting policies of the School conform to generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the School's significant policies.

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the School.

The School includes the Community Leadership Academy Building Corporation (the "Corporation") and the Community Leadership Academy Building Corporation II (the "Corporation II") within its reporting entity. The entities were formed to acquire and hold real and/or personal property for, and to lease or make the same available for use by, the School, and to provide facilities, equipment and other physical infrastructure and related support to the School. The Corporation and the Corporation II are blended into the School's financial statements as special revenue funds, and do not issue separate financial statements. The financial statements of the School do not include any separately administered organizations.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Separate financial statements are provided for the governmental funds. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

In the fund financial statements, the School reports the following major governmental funds:

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those accounted for in another fund.

The School reports two major special revenue funds, as follows:

Building Corporation - This fund is used to account for the financial activities of the Corporation, which are primarily for capital purposes and the related debt service.

Building Corporation II - This fund accounts for the financial activities of the Corporation II, including the acquisition and construction of a high school facility, and the related debt service.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. The School considers all other revenues to be available if they are collected within 180 days of the end of the current year.

Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Cash and Investments – For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Inventories – Food Service Fund inventories are recorded as an asset when individual items are purchased and as an expenditure when consumed. Inventories are stated at cost on a first-in, first-out (FIFO) basis, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

Capital Assets – Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	25 - 100 years
Equipment	5 - 20 years

Accrued Salaries and Benefits – Salaries and retirement benefits are paid August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences – Employees are allowed to accumulate unused vacation and personal leave (PTO) up to 15 days and 8 days, respectively. Upon termination of employment from the School, an employee will be compensated for all accrued vacation time and PTO at the employee's pay rate.

Pensions – The School participates in the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Postemployment Benefits Other Than Pensions (OPEB) – The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Net Position/Fund Balances – In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution and may assign fund balances to a specific purpose through an informal action.

The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned, and unassigned balances.

NOTE 2: Cash and Investments

At June 30, 2026, the School had the following cash and investments:

Cash on Hand	$	50
Deposits		601,635
Investments		8,873,495
Total	$	9,475,180

Cash and investments are reported in the financial statements as follows:

Cash and Investments	$	5,849,539
Restricted Cash and Investments		3,625,641
Total	$	9,475,180

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2026, the School had bank deposits of $421,227 collateralized with securities held by the financial institution's agent but not in the School's name.

NOTE 2: Cash and Investments (Continued)

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Fair Value Measurements – At June 30, 2026, the School's investments in the local government investment pool are reported at the net asset value per share.

Interest Rate Risk – State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk – State statutes do not limit the amount the School may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pools – At June 30, 2026, the School had $5,247,855 invested in the Colorado Surplus Asset Fund Trust (CSAFE), and the Corporation and the Corporation II had $1,226,221 and $2,399,421, respectively, invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pools are reported at the net asset value per share, with each share valued at $1. The Pools are rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

Investments of $1,226,221 and $2,399,421 have been restricted by the Corporation and the Corporation II, respectively, for future debt service and building repair and replacement.

NOTE 3: Interfund Transfers

During the year ended June 30, 2026, the Corporation and the Corporation II transferred excess funds of $30,632 and $132,176, respectively, to the General Fund.

NOTE 4: Capital Assets

Capital asset activity for the year ended June 30, 2026, is summarized below.

	Balances 6/30/2025	Additions	Deletions	Balances 6/30/2026
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,570,000	$ -	$ -	$ 1,570,000
Capital Assets, Being Depreciated:				
Buildings and Improvements	18,843,264	-	-	18,843,264
Equipment	1,329,118	2,516,194	-	3,845,312
Right-to-Use Asset	-	154,997	-	154,997
Total Capital Assets, Being Depreciated	20,172,382	2,671,191	-	22,843,573
Less Accumulated Depreciation/Amortization:				
Buildings and Improvements	(2,777,874)	(214,456)	-	(2,992,330)
Equipment	(951,615)	(214,369)	-	(1,165,984)
Right-to-Use Asset	-	(7,750)	-	(7,750)
Total Accumulated Depreciation/Amortization	(3,729,489)	(436,575)	-	(4,166,064)
Total Capital Assets, Being Depreciated, Net	16,442,893	2,234,616	-	18,677,509
Capital Assets, Governmental Activities, Net	$ 18,012,893	$ 2,234,616	$ -	$ 20,247,509

Depreciation expense of the governmental activities was charged to the supporting services program of the School.

NOTE 5: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2026.

	Balance 6/30/2025	Additions	Reductions	Balance 6/30/2026	Due Within One Year
Governmental Activities					
2008 Loan	$ 6,040,000	$ -	$ 280,000	$ 5,760,000	$ 295,000
2008 Discount	(17,714)	-	(1,363)	(16,351)	-
2013 Loan	15,455,000	-	100,000	15,355,000	110,000
Right-to-Use Lease Liability	-	154,997	7,301	147,696	29,663
Compensated Absences	27,600	-	1,772	25,828	-
Total	$ 21,504,886	$ 154,997	$ 387,710	$ 21,272,173	$ 434,663

NOTE 5: Long-Term Debt (Continued)

In February 2008, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $8,810,000 Charter School Revenue Bonds, Series 2008. Proceeds of the bonds were loaned to the Corporation under a mortgage and loan agreement to construct an elementary school building. The School is obligated under a lease agreement to make monthly lease payments to the Corporation for use of the building. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 5.75% to 6.5%. Interest payments are due semi-annually on January 1 and July 1. Principal payments are due annually on July 1, through 2038.

On August 16, 2013, CECFA issued $16,065,000 Charter School Revenue Bonds, Series 2013. Proceeds were loaned to the Corporation II to finance the construction and equipping of a middle and high school facility. The School is obligated under a lease agreement to make monthly payments to the Corporation II for using the facilities. The Corporation II is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 7% to 7.45%. Interest payments are due semi-annually on February 1 and August 1. Principal payments are due annually on August 1, from 2017 through 2048. Bond payments to maturity are as follows.

Year Ended June 30,	Principal	Interest	Total
2027	$ 405,000	$ 1,491,387	$ 1,896,387
2028	435,000	1,464,274	1,899,274
2029	460,000	1,435,387	1,895,387
2030	490,000	1,404,281	1,894,281
2031	520,000	1,370,768	1,890,768
2032-2036	3,180,000	6,265,833	9,445,833
2037-2041	4,405,000	4,991,224	9,396,224
2042-2046	6,245,000	3,077,251	9,322,251
2047-2049	4,975,000	573,836	5,548,836
Total	$ 21,115,000	$ 22,074,241	$ 43,189,241

Lease Payable – 2026 Blue Bird Bus

The School has entered into a five-year lease agreement for the use of a 2026 Blue Bird BBCV 71 Passenger Gasoline Bus. The School is required to make monthly payments of $2,750 through March 2031, divided into principal and interest using an implicit rate of 2.485%. The related right-to-use asset will be amortized over the lease term. Lease payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2027	$ 29,663	$ 3,334	$ 32,997
2028	30,409	2,588	32,997
2029	31,173	1,824	32,997
2030	31,957	1,040	32,997
2031	24,494	254	24,748
Total	$ 147,696	$ 9,040	$ 156,736

NOTE 6: Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the Colorado School Schools Self Insurance Pool for all risks of loss except workers compensation, for which it utilizes a commercial insurance carrier.

The Colorado School Districts Self Insurance Pool (CSDSIP) operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. The School pays an annual premium to the CSDSIP for property and liability insurance coverage. The CSDSIP's agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

NOTE 7: Defined Benefit Pension Plan

General Information

Plan Description – The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the School participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided as of December 31, 2025 – The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In all cases, the benefit amount may not exceed the highest average salary, or the amount allowed by applicable federal regulations.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers, while waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date of employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula(s) described previously, considering a minimum of 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) in place, and the qualified survivor(s) receiving the benefits.

Contributions provisions as of June 30, 2026 – The School, State, and eligible employees are required to contribute to the SDTF at rates established by C.R.S. § 24-51-401, et seq. and § 24-51-413. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2025, through June 30, 2026. The School's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8).

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SDTF. The School's contributions to the SDTF for the year ended June 30, 2026, were $952,381 equal to the required contributions at a contribution rate of 20.38%.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State of Colorado is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. For 2025, a portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual Direct Distribution.

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

The net pension liability was measured at December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll forward the total pension liability to December 31, 2024. The School's proportion of the net pension liability was based on the School's contributions to the SDTF for the calendar year ended December 31, 2025, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

NOTE 7: Defined Benefit Pension Plan (Continued)

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

At December 31, 2025, the School's proportion was 0.0602978704%, which was an increase of 0.0066826827% from its proportion measured at December 31, 2024.

At June 30, 2026, the School reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the School. The amount recognized by the School as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	$ 9,404,011
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	883,760
Total	$ 10,287,771

For the year ended June 30, 2026, the School recognized pension expense of $2,109,678 and a revenue of ($129,243) for support from the State as a nonemployer contributing entity. At June 30, 2026, 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	$ 565,977	$ -
Changes of assumptions and other inputs	46,164	-
Net difference between projected and actual earnings on plan investments	-	1,128,128
Changes in proportion and differences between contributions recognized and proportionate share of contributions	973,949	255,445
Contributions subsequent to the measurement date	453,791	-
Total	$ 2,039,881	$ 1,383,573

School contributions subsequent to the measurement date of $453,791 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2027	$ 930,553
2028	(210,122)
2029	(232,958)
2030	(284,956)
Total	$ 202,517

NOTE 7: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2024, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	4.00% - 13.40%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07 thereafter, compounded annually	1.00%
Hired after 12/31/06	Financed by the AIR

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

All mortality assumptions were developed on a benefit-weighted basis and apply generational mortality, as follows. All categories in the mortality tables are generationally projected using scale MP-2021.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates for all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 95% of the rates for all ages.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the PERA Board of Directors at their January 17, 2025.

NOTE 7: Defined Benefit Pension Plan (Continued)

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

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long- term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, PERA's Board of Directors reaffirmed the assumed rate of return at the PERA Board of Director's November 15, 2019, meeting, and again at the Board's September 22, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term exptected nominal rate of return assumption of 7.25%.

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 applied to the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, reflecting the prior increases as required by Senate Bill (SB) 18-200 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
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NOTE 7: Defined Benefit Pension Plan (Continued)

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

- School contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and 2018 and 2020 AAP assessments. School contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated School contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, School contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving and portion of the annual direct distribution. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- School contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until they are transferred out of the annual increase reserve to the appropriate accounts for retirement and survivor benefit payments. Estimated transfers from the annual increase reserve and the related benefit payments were included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 13,304,012	$ 9,404,011	$ 6,138,247

NOTE 7: Defined Benefit Pension Plan (Continued)

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

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 8: Postemployment Healthcare Benefits

General Information

Plan Description – Eligible employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. C.R.S. provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided – The HCTF provides a healthcare premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans. However, the subsidy is not available if benefit recipients or retirees are only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retirees and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare health benefits program is voluntary and available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure – The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

NOTE 8: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the State statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of recipients not covered by Medicare Part A.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions – As established by Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, 1.02% of the School's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. Effective July 1, 2026, HB 26-1400 also reduces the PERA employer contribution rate allowed to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, SDTF, Local Government, and Judicial Divisions. These contribution requirements are established and may be amended by the State Legislature. The School's apportionment to the HCTF for the year ended June 30, 2026, was $47,666, equal to the required amount.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026, the School reported a net OPEB liability of $103,929, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2025. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2025, relative to the contributions of all participating employers.

At December 31, 2025, the School's proportion was 0.0385704912%, which was an increase of 0.0042430190% from its proportion measured at December 31, 2024.

For the year ended June 30, 2026, the School recognized OPEB expense of ($41,055). At June 30, 2026, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 8: Postemployment Healthcare Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 42,053
Changes of assumptions and other inputs	1,141	50,445
Net difference between projected and actual earnings on plan investments	-	16,595
Changes in proportion and differences between contributions recognized and proportionate share of contributions	43,210	11,845
Contributions subsequent to the measurement date	22,712	-
Total	$ 67,063	$ 120,938

School contributions subsequent to the measurement date of $22,712 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2027	$ (24,246)
2028	(22,294)
2029	(13,848)
2030	(11,663)
2031	(4,918)
2032	382
Total	$ (76,587)

Actuarial Assumptions – The actuarial valuation as of December 31, 2024, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

NOTE 8: Postemployment Healthcare Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	4.00% - 13.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Heath care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
8% in 2025, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2024, gradually increasing to 4.5% in 2033	

Each year the per capita health care costs are developed by plan option. As of December 31, 2024, actuarial valuation, costs are based on 2025 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. MAPD premium costs are not age graded, an allowed exception under Section 3.7.7 (C) of Actuarial Standard of Practice No. 6.

Plan	With Medicare Part A	Without Medicare Part
MAPD PPO #1	$ 4,188	$ 8,928
MAPD PPO #2	$ 2,028	$ 5,508
MAPD HMO (Kaiser)	$ 2,040	$ 7,596

The 2025 Medicare Part A premium is $518 per month. All costs are subject to the health care cost trend rates, discussed as follows.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare and Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A.

NOTE 8: Postemployment Healthcare Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

Measurement Year	PERACare Medicare Plans	Medicare Part A Premiums
2025	8.00%	3.50%
2026	7.65%	3.75%
2027	7.30%	3.75%
2028	6.95%	4.00%
2029	6.60%	4.00%
2030	6.25%	4.25%
2031	5.90%	4.25%
2032	5.55%	4.25%
2033	5.20%	4.50%
2034	4.85%	4.50%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2024, valuation for the SDTF and other PERA divisions as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2024, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale. Affiliated employers of the State, SDTF, Local Government, and Judicial Divisions participate in the HCTF. All categories of the mortality tables are generationally projected using scale MP-2019.

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates age 85 and older.
- Post retirement (beneficiary) non-disabled mortality assumptions for the SDTF were based upon the Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates of all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree table using 95% of the rates for all ages.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2024, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2025 plan year.

NOTE 8: Postemployment Healthcare Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

- The health care cost trend rates applicable to health plan premiums were revised to reflect the current expectation of future increases in those premiums.

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary. The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the Board on January 17, 2025.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the PERA Board of Director's meetings on November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

NOTE 8: Postemployment Healthcare Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate**	6.65%	7.65%	8.65%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate**	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 99,609	$ 103,929	$ 108,819

** For the January 1, 2026, plan year.

Discount rate - The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projection of liabilities and the fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2024, and the financial status of the HCTF as of the current measurement date (December 31, 2025). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2025, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. The current employer contribution rate for the HCTF is 1.02% of salary. HB26-1400, effective July 1, 2026, reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, 1.02% to 0.52% of member salaries for the State, SDTF, Local Government, and Judicial Divisions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

NOTE 8: Postemployment Healthcare Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Based on the above assumptions and methods, the HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 143,089	$ 103,929	$ 70,154

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 9: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. At June 30, 2026, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The School is subject to the Amendment. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment.

The Amendment requires the School to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2026, the School's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $325,000.

NOTE 9: Commitments and Contingencies (Continued)

Litigation

The School from time to time is involved in various legal matters. In the opinion of the School's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the School.

REQUIRED SUPPLEMENTARY INFORMATION

COMMUNITY LEADERSHIP ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2026

	BUDGET		BUDGET CHANGE INCREASE (DECREASE)	ACTUAL	ACTUAL OVER (UNDER) BUDGET
	ORIGINAL	FINAL			
REVENUES					
Local Sources	$ 8,055,000	$ 7,694,970	$ (360,030)	$ 7,681,556	$ (13,414)
State Grants	2,474,200	2,964,970	490,770	3,133,600	168,630
Federal Grants	759,100	2,550,060	1,790,960	2,672,722	122,662
TOTAL REVENUES	11,288,300	13,210,000	1,921,700	13,487,878	277,878
EXPENDITURES					
Current					
Instruction	4,308,800	4,561,700	252,900	4,427,014	(134,686)
Supporting Services					
Students	350,700	350,700	-	403,148	52,448
Instructional Staff	670,500	661,500	(9,000)	551,706	(109,794)
General Administration	175,500	135,500	(40,000)	78,813	(56,687)
School Administration	554,100	554,100	-	498,731	(55,369)
Business Services	211,800	211,800	-	234,324	22,524
Operations and Maintenance	2,915,400	2,915,400	-	2,864,854	(50,546)
Student Transportation	400,300	3,054,250	2,653,950	2,982,612	(71,638)
Central Support	1,083,900	1,036,000	(47,900)	1,028,431	(7,569)
Total Supporting Services	6,362,200	8,919,250	2,557,050	8,642,619	(276,631)
Food Service	719,800	719,800	-	767,371	47,571
Debt Service					
Principal	-	7,300	7,300	7,301	1
Interest and Fees	17,500	16,950	(550)	13,340	(3,610)
Total Debt Service	17,500	24,250	6,750	20,641	(3,609)
TOTAL EXPENDITURES	11,408,300	14,225,000	2,816,700	13,857,645	(367,355)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(120,000)	(1,015,000)	(895,000)	(369,767)	645,233
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	155,000	155,000	154,997	(3)
Transfers In	120,000	210,000	90,000	162,808	(47,192)
TOTAL OTHER FINANCING SOURCES (USES)	120,000	365,000	245,000	317,805	(47,195)
CHANGE IN FUND BALANCE	-	(650,000)	(650,000)	(51,962)	598,038
FUND BALANCE, Beginning	5,556,900	5,835,300	278,400	5,835,314	14
FUND BALANCE, Ending	$ 5,556,900	$ 5,185,300	$ (371,600)	5,783,352	$ 598,052

COMMUNITY LEADERSHIP ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
BUILDING CORPORATION
Year Ended June 30, 2026

	BUDGET		BUDGET CHANGE INCREASE (DECREASE)	ACTUAL	ACTUAL OVER (UNDER) BUDGET
	ORIGINAL	FINAL			
REVENUES					
Local Sources	$ 707,300	$ 707,300	$ -	$ 701,003	$ (6,297)
EXPENDITURES					
Debt Service					
Principal	285,000	285,000	-	280,000	(5,000)
Interest and Fees	382,300	382,300	-	380,788	(1,512)
TOTAL EXPENDITURES	667,300	667,300	-	660,788	(6,512)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	40,000	40,000	-	40,215	215
OTHER FINANCING SOURCES (USES)					
Transfers Out	(35,000)	(35,000)	-	(30,632)	4,368
CHANGE IN FUND BALANCE	5,000	5,000	-	9,583	4,583
FUND BALANCE, Beginning	1,199,200	1,216,600	17,400	1,216,638	38
FUND BALANCE, Ending	$ 1,204,200	$ 1,221,600	$ 17,400	$ 1,226,221	$ 4,621

COMMUNITY LEADERSHIP ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
BUILDING CORPORATION II
Year Ended June 30, 2026

	BUDGET		BUDGET CHANGE INCREASE (DECREASE)	ACTUAL	ACTUAL OVER (UNDER) BUDGET
	ORIGINAL	FINAL			
REVENUES					
Local Sources	$ 1,332,500	$ 1,314,500	$ (18,000)	$ 1,317,064	$ 2,564
EXPENDITURES					
Debt Service					
Principal	105,000	100,000	(5,000)	100,000	-
Interest and Fees	1,137,500	1,139,500	2,000	1,135,917	(3,583)
TOTAL EXPENDITURES	1,242,500	1,239,500	(3,000)	1,235,917	(3,583)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	90,000	75,000	(15,000)	81,147	6,147
OTHER FINANCING SOURCES (USES)					
Transfers Out	(85,000)	(175,000)	(90,000)	(132,176)	42,824
CHANGE IN FUND BALANCE	5,000	(100,000)	(105,000)	(51,029)	48,971
FUND BALANCE, Beginning	2,443,000	2,450,400	7,400	2,450,449	49
FUND BALANCE, Ending	$ 2,448,000	$ 2,350,400	$ (97,600)	$ 2,399,420	$ 49,020

COMMUNITY LEADERSHIP ACADEMY, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2026

MEASUREMENT DATE	12/31/25	12/31/24	12/31/23	12/31/22
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
School's Proportion of the Net Pension Liability	0.0602978704%	0.0536151877%	0.0575169298%	0.0427167735%
School's Proportionate Share of the Net Pension Liability	$ 9,404,011	$ 9,251,246	$ 10,170,961	$ 7,778,496
State's Proportionate Share of the Net Pension Liability Associated with the School	883,760	830,908	223,019	2,266,732
Total Proportionate Share of the Net Pension Liability	$ 10,287,771	$ 10,082,154	$ 10,393,980	$ 10,045,228
School's Covered Payroll	$ 4,887,869	$ 4,143,077	$ 3,802,382	$ 3,291,020
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	192%	223%	267%	236%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73%	67%	65%	62%

FISCAL YEAR	6/30/26	6/30/25	6/30/24	6/30/23
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	$ 952,381	$ 868,290	$ 793,226	$ 739,290
Contributions in Relation to the Statutorily Required Contribution	(952,381)	(868,290)	(793,226)	(739,290)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	4,673,112	$ 4,260,449	$ 3,892,171	$ 3,627,521
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.38%	20.38%

12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
0.0476354244%	0.0614465902%	0.0606475935%	0.0580593321%	0.0661741371%	0.0671022949%
$ 5,543,509	$ 9,168,693	$ 9,060,619	$ 10,280,597	$ 21,398,364	$ 19,978,948
3,745,976	-	3,074,863	3,964,906	-	-
$ 9,289,485	$ 9,168,693	$ 12,135,482	$ 14,245,503	$ 21,398,364	$ 19,978,948
$ 2,973,432	$ 3,288,698	$ 3,564,578	$ 3,191,833	$ 3,052,535	$ 3,012,109
186%	279%	254%	322%	701%	663%
75%	67%	65%	57%	44%	43%
6/30/22	6/30/21	06/30/20	06/30/19	06/30/18	06/30/17
$ 587,422	$ 613,125	$ 665,893	$ 673,598	$ 566,082	$ 433,864
(587,422)	(613,125)	(665,893)	(673,598)	(566,082)	(433,864)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,954,830	$ 3,084,121	$ 3,480,879	$ 3,521,169	$ 2,998,435	$ 2,360,708
19.88%	19.88%	19.13%	19.13%	18.88%	18.38%

COMMUNITY LEADERSHIP ACADEMY, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2026

MEASUREMENT DATE	12/31/25	12/31/24	12/31/23	12/31/22
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
School's Proportion of the Net OPEB Liability	0.0385704912%	0.0343274722%	0.0344092174%	0.0324313455%
School's Proportionate Share of the Net OPEB Liability	$ 103,929	$ 164,143	$ 245,588	$ 264,795
School's Covered Payroll	$ 4,887,869	$ 4,143,077	$ 3,802,382	$ 3,291,020
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	2%	4%	6%	8%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	76%	60%	46%	39%

FISCAL YEAR	6/30/26	6/30/25	6/30/24	6/30/23
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	$ 47,666	$ 43,457	$ 39,700	$ 37,000
Contributions in Relation to the Statutorily Required Contribution	(47,666)	(43,457)	(39,700)	(37,000)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 4,673,112	$ 4,260,449	$ 3,892,171	$ 3,627,521
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.
The information for the full 10-year period will be reported when available.

12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
0.0310643854%	0.0355632555%	0.0396435047%	0.0377388832%	0.0375998993%
$ 267,870	$ 337,931	$ 445,592	$ 513,453	$ 488,648
$ 2,973,432	$ 3,288,698	$ 3,564,578	$ 3,191,833	$ 3,052,535
9%	10%	13%	16%	16%
39%	33%	24%	17%	18%
6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
$ 30,139	$ 31,458	$ 35,505	$ 35,916	$ 30,584
(30,139)	(31,458)	(35,505)	(35,916)	(30,584)
$ -	$ -	$ -	$ -	$ -
$ 2,954,830	$ 3,084,121	$ 3,480,879	$ 3,521,169	$ 2,998,435
1.02%	1.02%	1.02%	1.02%	1.02%

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The School adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30, the budget is adopted by the Board of Directors.
- Expenditures may not legally exceed budget appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All appropriations lapse at fiscal year-end.

Budgetary Revenues

General Fund

Differences – original budget to final budget:

- Variance was primarily due to a decrease in per-pupil revenue resulting from decreased student enrollment.
- Received EPA federal grant, Air Quality state grant, and Xcel Energy local grant for the purchase of electric buses and construction of charging stations.
- Reclassified budget for capitalization of Right to Use asset, a leased gas bus.

Differences – final budget to actual:

- Universal Preschool funding is over budget due to increased per student funding and higher than expected preschool enrollment.
- Mill Levy Equalization funding is over budget due to higher-than-expected tax collections from the mill levy override approved in 2024-25.

Budgetary Expenditures

Differences – original budget to final budget

- Final budget was amended to include bus purchases and charging stations funded by federal, state, and local grants.

Differences – Final Budget to Actual

- Food Service expenditures were over budget primarily caused by the value of commodities received from the federal government being higher than prior years.
- Student Support Services were over budget caused by Psychology services invoices from 2024-25 paid 2025-26.
- Business Services expenditures were over budget caused by the added cost of hiring and training new staff upon the retirement of a long-time employee in a critical position.
- Instructional Staff Services was under budget due to a vacancy not being filled.
- Instructional costs were under budget due to cost savings as mid-year staff turnover caused periodic vacancies for short periods of time.

NOTE 1: Stewardship, Compliance, and Accountability (Continued)

- School Administration was under budget due to reduced graduation cost by changing the ceremony venue.
- General Administration was under budget due to lower cost of legal services.
- Transportation was under budget due to reduced bus lease costs when old gas buses were returned to the vendor.
- Operations were under budget due to a budgeted contingency not needed.

Building Corporation I and II

Differences – original budget to final budget:

- Variance due to adjustment of the beginning fund balance to match prior year audited financial statements.
- Additional interest income earned than expected.

Differences – final budget to actual:

- No significant changes identified.

Budgetary Expenditures

Differences – original budget to final budget

- Increased transfers out to allocate excess interest earnings from Building Corporations to General Fund.

Differences – Final Budget to Actual

- Transfers for excess interest earnings were more than budgeted.

Accountability

At June 30, 2026, the School reported a negative net position in the amount of $1,179,038. However, this is primarily related to the net pension liability and net OPEB liability required to be reported by the School, which may fluctuate annually based on valuations and contributions made by employers, employees, and special funding situations. This does not constitute a going concern for the School.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

STDF Plan – Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500,000 on or after July 1, 2025, and before October 1, 2025. These dollars are held by PERA in a custodial capacity on behalf of the State of Colorado to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an automatic adjustment provision (AAP) assessment ratio below the 98% benchmark and the alternative allocation method results in an AAP ratio that meets or exceeds the 98% benchmark.

Subsequent Events – HB 26-1400, enacted June 1, 2026, and effective July 1, 2026, modifies the allocation of the direct distribution. Beginning with the direct distribution on July 1, 2026, and annual thereafter, PERA is required to allocate the direct distribution to the Division Trust Funds on an actuarial basis. HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for State, SDTF, Local Government, and Judicial Divisions.

HCTF Plan – As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

As of the December 31, 2024, measurement date, the fiduciary net position, and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

For RSI disclosures reported in previous years, refer to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information at the following link: https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 3: Changes in Assumptions and Other Inputs

STDF Plan – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

NOTE 3: Changes in Assumptions and Other Inputs (Continued)

HCTF Plan – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups. Participation rates were reduced. MAPD premium costs are no longer age graded.

For RSI disclosures reported in previous years to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information may be obtained as follows: https://copera.org/forms-resources/financial-reports-and-studies.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COMMUNITY LEADERSHIP ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2026

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed Through State Department of Education			
Clean School Bus Program	66.045	7045	$ 1,830,000
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			1,830,000
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Title I	84.010	4010,9202	153,987
English Language Acquisition	84.365	4365	23,965
Supporting Effective Instruction	84.367	4367	5,121
Parent Involvement	84.310	9211	2,187
State Charter School Facilities Incentives Grants Program	84.282D	5283	77,074
Individuals with Disabilities Education Act (IDEA)	84.027	4027	59,613
TOTAL U.S. DEPARTMENT OF EDUCATION			321,947
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,151,947

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2026

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The School does not charge a de minimis indirect cost rate. 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 fund balance, or cash flows of the School.

NOTE 2: Summary of Significant Accounting Policies

Governmental fund types account for the majority of the School's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the footnotes to this schedule.

NOTE 3: Indirect Cost Rate

The School has not elected to use the 15% de minimis cost rate.

NOTE 4: Subrecipients

The School did not award any grants to subrecipients during the fiscal year ended June 30, 2026.

GOVERNMENT AUDITING STANDARDS REPORT

INDEPENDENT AUDITOR'S 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*

Board of Directors
Community Leadership Academy, Inc.
Commerce City, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Community Leadership Academy, Inc. (the School) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School and have issued our report thereon dated October 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting as a basis for designing 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 School's internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether School's financial statements are free from 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 financial statements. 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*.

Board of Directors
Community Leadership Academy, Inc.

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 School'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 School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

DMC Auditing and Consulting, LLC

October 9, 2026
Bailey, Colorado