Community Leadership Academy, Inc.

Financial Statements

June 30, 2020

HINKLE & COMPANY PC
Strategic Business Advisors

Community Leadership Academy, Inc.
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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Community Leadership Academy, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of Community Leadership Academy, Inc., as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Community Leadership Academy, Inc., as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Hinkle & Company, PC

Greenwood Village, Colorado
September 29, 2020

COMMUNITY LEADERSHIP ACADEMY, INC.

MANAGEMENT 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, 2020. Community Leadership Academy, Inc. provides instructional programs at two locations, the elementary Pre-K through 5th grades are served at the Community Leadership Academy on Holly Street and the secondary grades 6 through 12 are served at the Victory Preparatory Academy on Quebec Street. The activities of both schools are included in the financial statements and were included in the audit of Community Leadership Academy, Inc.

FINANCIAL HIGHLIGHTS

In 2018 the Academy implemented GASB 75 which requires reporting of the Academy's share of Postemployment 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. At June 30, 2020 the net pension liability was $445,592 compared to $513,453 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. At June 30, 2020 the net pension liability was $9,060,619 compared to $10,280,597 the prior year.

Deferred outflows decreased to $1,607,396 compared to $3,302,197 the prior year. Deferred inflows decreased to $6,184,815 compared to $7,925,321 the prior year.

The Community Leadership Academy Building Corporation was formed for the specific purpose to hold title to real and/or personal property for the Academy at its Holly Street location, to make the same available for use by the school, and to otherwise provide a public building, facilities, and equipment to the elementary school. Ending net position of the Building Corporation at June 30, 2020 increased $95,390 to $605,443.

A second building corporation, known as Community Leadership Academy Building Corporation II, was created to hold title to real and/or personal property for the Academy at its Quebec Street location, to make the same available for use by the secondary school, and to otherwise provide a public building, facilities, and equipment to the school. Ending net position of Building Corporation II at June 30, 2020 decreased $121,389 to ($1,948,120).

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is 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 similar to a private-sector business.

The statement of net position presents information on all of the Academy's 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 and food service expenses. The government-wide financial statements can be found on pages 3-4 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 of the funds of the Academy can be divided into two categories: governmental funds and proprietary funds. The fund financial statements can be found on pages 5-6 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 a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary Funds: The Academy maintains two individual enterprise funds, Community Leadership Academy Building Corporation and Community Leadership Academy Building Corporation II. They are considered component units of the charter school and presented separately in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for Proprietary Funds. Annual budgets are prepared for the proprietary funds. Though budgetary comparisons are not required for these funds for reporting purposes, appropriate comparisons are reported to the Academy's governing body through internal reports 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 11 through 35.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

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 exceeded assets by $9,661,140 as of the close of the 2019-2020 fiscal year compared to $10,878,078 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 postemployment healthcare benefits as liabilities on its financial statement. The net pension liability at the end of the current fiscal year is $9,060,619 compared to $10,280,597 for 2019. The net OPEB liability at the end of the current fiscal year is $445,592 compared to $513,453 for 2019.

Statement of Net Position
Governmental and Business Type Activities

	30-Jun-20	30-Jun-19	Net Change
Current and other assets	$ 11,250,207	$ 9,716,669	$ 1,533,538
Capital assets	$ 18,995,001	$ 19,226,552	$ (231,551)
TOTAL ASSETS	$ 30,245,208	$ 28,943,221	$ 1,301,987
DEFERRED OUTFLOWS OF RESOURCES	$ 1,607,396	$ 3,302,197	$ (1,694,801)
Current liabilities	$ 1,671,770	$ 1,080,015	$ 591,755
Other liabilities	$ 33,657,159	$ 34,118,160	$ (461,001)
TOTAL LIABILITIES	$ 35,328,929	$ 35,198,175	$ 130,754
DEFERRED INFLOWS OF RESOURCES	$ 6,184,815	$ 7,925,321	$ (1,740,506)
Net Position			
Net Investment in Capital Assets	$ (4,065,472)	$ (4,097,558)	$ 32,086
Restricted for Debt Service	$ 3,749,928	$ 2,708,924	$ 1,041,004
Restricted for Repairs & Replacement	$ 170,497	$ 162,307	$ 8,190
Restricted for Emergencies	$ 250,000	$ 338,000	$ (88,000)
Unrestricted	$ (9,766,093)	$ (9,989,751)	$ 223,658
TOTAL NET POSITION	$ (9,661,140)	$ (10,878,078)	$ 1,216,938

Cash and investments make up 36.5% of the Academy's total assets of which 32.5% 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 62.8% of total assets. The remaining assets, primarily grants receivable, make up 0.7% of total assets. Overall total assets increased $1,301,987 primarily due to current assets accumulated from current operations offset by depreciation of capital assets.

Overall total deferred outflows decreased $1,694,801 from $3,302,197 for 2019 to $1,607,396 for 2020. Deferred outflows related to pensions decreased from $3,271,695 for 2019 to $1,559,834 for 2020. Deferred outflows related to postemployment benefits were $47,562 at year end compared to $30,502 the prior year.

Overall total deferred inflows decreased $1,740,506 from $7,925,321 for 2019 to $6,184,815 for 2020. Deferred inflows related to pensions decreased to $6,098,900 for 2020 compared to $7,919,773 for 2019. Deferred inflows related to postemployment benefits totaled $85,915 at year end compared to $5,548 the prior year.

Liabilities increased by $130,754 primarily due to the changes to pension and OPEB liabilities, new payroll protection plan proceeds and principal paid on outstanding debt. Current liabilities increased by $591,755.

Community Leadership Academy, Inc.
Statement of Activities
For the Years Ended June 30, 2020 and June 30, 2019

	30-Jun-20	30-Jun-19	Net Change
Program Revenue:			
Charges for Services	$ 8,525	$ 14,807	$ (6,282)
Grants & Contributions	$ 1,010,025	$ 1,345,708	$ (335,683)
Total Program Revenue	$ 1,018,550	$ 1,360,515	$ (341,965)
General Revenue:			
Per Pupil Operating Revenue	$ 6,610,199	$ 6,933,218	$ (323,019)
At-Risk Supplemental Aid	$ 59,371	$ 55,274	$ 4,097
Mill Levy Equalization	$ 313,491	$ 274,006	$ 39,485
Capital Construction Grant	$ 250,448	$ 249,842	$ 606
Investment Income	$ 126,230	$ 188,829	$ (62,599)
Miscellaneous	$ 82,208	$ 44,219	$ 37,989
Total General Revenue	$ 7,441,947	$ 7,745,388	$ (303,441)
Total Revenue	$ 8,460,497	$ 9,105,903	$ (645,406)
Expenses:			
Current:			
Instruction	$ 2,527,029	$ 2,859,248	$ (332,219)
Supporting Services	$ 2,350,191	$ 2,379,774	$ (29,583)
Food Service	$ 484,770	$ 517,756	$ (32,986)
Building Corporation	$ 554,166	$ 567,836	$ (13,670)
Building Corporation II	$ 1,327,403	$ 1,340,202	$ (12,799)
Total Expenses	$ 7,243,559	$ 7,664,816	$ (421,257)
CHANGE IN NET POSITION	$ 1,216,938	$ 1,441,087	$ (224,149)
NET POSTION, Beginning (Restated)	$ (10,878,078)	$ (12,319,165)	$ 1,441,087
NET POSTION, Ending	$ (9,661,140)	$ (10,878,078)	$ 1,216,938

Total revenue decreased $645,406 primarily from grants and contributions which decreased by $335,683 due to the elimination of the ELPA Excellence one-year only grant that expired at the end of 2019. Per pupil revenue decreased by $323,019 due to 66 fewer students offset by a $289 increase to per pupil operating revenue from the State. Mill levy equalization, which is in the second year of funding increased from $274,006 for 2019 to $313,491 for 2020. Investment income decreased from $188,829 in 2019 to $126,230 due to a sudden decline in earnings rates when the Covid-19 pandemic escalated in the fourth quarter of the fiscal year.

Overall expenditures decreased $421,257 primarily due to changes in pension and OPEB liabilities, inflows, outflows, and related pension expense recognized under GASB 68 and 75. Instructional expenses decreased by $332,219 while supporting services expenses decreased slightly by $29,583. Food Service costs driven by the number of meals served decreased $32,986 from the prior year due to the decline in enrollment and interruption to operations in the fourth quarter when schools closed by state mandate when Covid-19 escalated.

ANALYSIS OF THE FUND FINANCIAL 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. In particular, 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.

This is the fifteenth full year of operations for the Academy. As of the end of the current fiscal year, the Academy reported an ending fund balance in its governmental fund of $6,748,487 compared to $5,765,423 the prior year, an increase of $983,064 compared to $426,342 the prior year. The current year increase is primarily due to loan proceeds totaling $1,090,745 under the payroll protection plan established to relieve the impact of the Covid-19 pandemic. Up to 75% of this loan may be forgiven. Revenues decreased $573,868 while expenditures increased $5,392.

Governmental Fund revenue for FY 2019-20 was $8,547,209 compared to $9,121,076 the prior year. School finance revenue makes up 79.5% of the Academy's total revenue compared to 76% the prior year. Per pupil funding increased from $8,321 to $8,610 while enrollment decreased by 66 students resulting in a decrease in per pupil operating revenue by $332,019. Local revenue decreased $329,498 due to decreased interest income offset by a one-time return of surplus from the authorizer. State revenue decreased $190,772 primarily due to expiration of ELPA Excellence grant funds totaling $205,057 in the prior year. Revenue from Federal sources decreased by $53,597 due to early termination of food service operations as a result of mandated school closures as the Covid-19 pandemic escalated offset by CARES Covid-19 Relief grant funding.

Proprietary Funds: The combined net position of the building corporations as of June 30, 2020 is ($1,342,677) compared to ($1,316,678) for the prior year. The current year decrease of $25,999 is made up of net income of $95,390 from the Building Corporation and a net loss of ($121,389) from Building Corporation II from normal operations including additional return of excess funds by transfer to general operations.

BUDGETARY HIGHLIGHTS

The Academy approves a budget in June based on enrollment projections for the following school year. In December, after enrollment is finalized, the budget may be amended. For 2019-2020 the budget was amended to adjust appropriations for loss of revenue due to decreased enrollment and changes to federal and state funding sources. Overall expected revenues and other financing sources decreased $728,500 while budgeted expenditures and other uses decreased $228,500 resulting in a projected use of reserves of $500,000 in the amended budget.

The majority of Academy spending in the Governmental Fund is for salaries and benefits at 54% of total expenditures for 2019-2020 compared to 55.2% the prior year. Facility lease fees make up 21.9% of total expenditures in 2019-2020 compared to 21.9% the prior year. Other purchased services make up 14% compared to 13.1% the prior year. Other purchased services include transportation, maintenance, insurance, technology, accounting and legal services from various providers, and general and central services purchased from the authorizer, Colorado Charter School Institute. Remaining expenditures are primarily for supplies and property.

Revenue in the General Fund was $35,791 less than expected primarily due to decreased investment income and changes in state and federal funding. Expenditures were $390,825 under budget, a variance of 4.3%. Instructional costs were under budget by $106,295 due to staff turnover causing temporary vacancies during the year. Support services were under budget by $205,500 primarily due to purchased services for general and central administration fees being less than expected and the 1% CDE fee rebated to charter schools authorized by the Colorado Charter School Institute. Food service was under budget by $79,030 due to early termination of operations caused by state mandated school closure as the Covid-19 pandemic escalated throughout the state. Expenditures did not exceed the amount appropriated for fiscal year 2019-2020 and is therefore in compliance with State statute.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets: The Community Leadership Academy Building Corporation owns land with a carrying value of $820,000 and building and improvements capitalized at $6,867,919 at June 30, 2020. Equipment totaled $284,093. The net carrying value of Building Corporation capital assets after subtracting accumulated depreciation is $6,864,007.

Building Corporation II owns land with a carrying value of $750,000. At the end of 2019-2020 the total capitalized value for buildings and improvements is $11,975,345 and for equipment is $306,956. The net carrying value of Building Corporation II capital assets after subtracting accumulated depreciation is $12,023,839.

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 the 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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 remains financially stable as it expands to a Pre-K through 12th grade school. The economy appears to be recovering with consistent increases to per pupil funding in recent years. Management continues to monitor the changes in per pupil funding and operating costs to ensure that the budget is balanced and that the Academy meets its obligations.

During 2013-14 through 2015-16 a portion of the interest on the 2013 bond issue were paid from the capitalized interest fund created from the bond proceeds. In 2016-17 the Academy was responsible for the full annual obligation related to the Series 2013 bond. The Academy has reached a level of enrollment that generates the revenue necessary to pay the maximum lease payments due to Building Corporation II. The lease payments to the Building Corporation for principal and interest due on the 2008 bond issue have stabilized and have no increased impact on future fiscal years.

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. As a result of this provision the single most important factor in projecting revenues is estimated future inflation. There was a significant recession during 2008-09 that continued through the 2011-12 fiscal year resulting in deflation (negative growth). In an effort to balance its budget, the State rescinded funding approved for public schools. Per pupil funding declined each year for four years and then stabilized in 2012-13 with base per pupil funding remaining the same as the prior year. Since then, per pupil funding increased 2.2% in 2013-14, 4.1% in 2014-15, 2.4% in 2015-16, 3.6% in 2016-17, 2.8% in 2017-18, 5.3% for 2018-19 and 3.5% for 2019-2020. Funding for 2020-21 is projected to remain at the current level of $8,610 per student. Maintaining or increasing enrollment and sustaining the growth in K-12 funding continue to be uncertain and a challenge for most charter schools.

Early in 2020 the Coronavirus (known as Covid-19) began to spread to the United States and quickly grew to pandemic proportions. As a result, schools across the nation were ordered to close by state governors with remote instruction implemented for the fourth quarter of the 2019-2020 school year. As the new school year begins many schools are still closed and virtual learning is still the primary method for delivering instruction. New sanitation and safety precautions have been implemented in anticipation of reopening school on a hybrid schedule alternating between classroom instruction and virtual learning. Federal grants have been awarded to defray the added costs and to provide computers for each student. Many businesses were closed for over two months which will ultimately reduce state and federal revenues, the impact of which is expected to trickle down in the form of reduced per pupil funding. The charter school is financially strong with 77% of operating expenditures in reserves. Management continues to monitor the financial impact of Covid-19 and do not currently expect any insurmountable challenges.

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, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	$ 7,440,985	$ -	$ 7,440,985
Restricted Cash and Investments	-	3,585,798	3,585,798
Accounts Receivable	140,090	-	140,090
Grants Receivable	61,953	-	61,953
Internal Balances	37,499	(37,499)	-
Inventory	21,381	-	21,381
Capital Assets, *Not Being Depreciated*	-	1,570,000	1,570,000
Capital Assets, *Net of Accumulated Depreciation*	107,155	17,317,846	17,425,001
Total Assets	7,809,063	22,436,145	30,245,208
Deferred Outflows of Resources			
Pensions, *Net of Accumulated Amortization*	1,559,834	-	1,559,834
OPEB, *Net of Accumulated Amortization*	47,562	-	47,562
Total Deferred Outflows of Resources	1,607,396	-	1,607,396
Liabilities			
Accounts Payable	230,149	-	230,149
Accrued Salaries and Benefits	290,017	-	290,017
Unearned Revenues	433,255	-	433,255
Accrued Interest Payable	-	718,349	718,349
Noncurrent Liabilities			
Due Within One Year	422,132	280,000	702,132
Due in More Than One Year	668,343	22,780,473	23,448,816
Net Pension Liability	9,060,619	-	9,060,619
Net OPEB Liability	445,592	-	445,592
Total Liabilities	11,550,107	23,778,822	35,328,929
Deferred Inflows of Resources			
Pensions, *Net of Accumulated Amortization*	6,098,900	-	6,098,900
OPEB, *Net of Accumulated Amortization*	85,915	-	85,915
Total Deferred Inflows of Resources	6,184,815	-	6,184,815
Net Position			
Net Investment in Capital Assets	107,155	(4,172,627)	(4,065,472)
Restricted for:			
Debt Service	-	2,659,453	2,659,453
Repair and Replacement	-	170,497	170,497
Forgivable loans	1,090,475	-	1,090,475
Emergencies	250,000	-	250,000
Unrestricted	(9,766,093)	-	(9,766,093)
Total Net Position	$ (8,318,463)	$ (1,342,677)	$ (9,661,140)

See Notes to Financial Statements.

Community Leadership Academy, Inc.
Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues		Net (Expense) Revenue and Change in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
Instruction	$ 2,527,029	$ 761	$ 597,762	$ (1,928,506)	$ -	$ (1,928,506)
Supporting Services	2,350,191	386	101,374	(2,248,431)	-	(2,248,431)
Food Service	484,770	7,378	310,889	(166,503)	-	(166,503)
Total Governmental Activities	5,361,990	8,525	1,010,025	(4,343,440)	-	(4,343,440)
Business-Type Activities						
Building Corporation I	554,166	-	-	-	(554,166)	(554,166)
Building Corporation II	1,327,403	-	-	-	(1,327,403)	(1,327,403)
Total Business-Type Activities	1,881,569	-	-	-	(1,881,569)	(1,881,569)
Total Primary Government	$ 7,243,559	$ 8,525	$ 1,010,025	(4,343,440)	(1,881,569)	(6,225,009)
	General Revenues					
	Per Pupil Revenue			6,610,199	-	6,610,199
	Mill Levy Equalization			313,491	-	313,491
	At-Risk Supplemental Aid			52,225	-	52,225
	Additional At-Risk Funding			7,146	-	7,146
	Capital Construction			250,448	-	250,448
	Investment Income			89,547	36,683	126,230
	Other			82,208	-	82,208
	Transfers			(1,818,887)	1,818,887	-
	Total General Revenues and Transfers			5,586,377	1,855,570	7,441,947
	Change in Net Position			1,242,937	(25,999)	1,216,938
	Net Position, *Beginning of year*			(9,561,400)	(1,316,678)	(10,878,078)
	Net Position, *End of year*			$ (8,318,463)	$ (1,342,677)	$ (9,661,140)

Community Leadership Academy, Inc.
Balance Sheet
Governmental Fund
June 30, 2020

	General
Assets	
Cash and Investments	$ 7,440,985
Accounts Receivable	140,090
Grants Receivable	61,953
Due from Building Corps	37,499
Inventory	21,381
Total Assets	$ 7,701,908
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	$ 230,149
Accrued Salaries and Benefits	290,017
Unearned Revenues	433,255
Total Liabilities	953,421
Fund Balance	
Nonspendable Inventory	21,381
Restricted for Emergencies	250,000
Restricted for Forgivable Loans	1,090,475
Unrestricted, Unassigned	5,386,631
Total Fund Balance	6,748,487
Total Liabilities and Fund Balance	$ 7,701,908

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of the Governmental Fund	$ 6,748,487
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	107,155
Long-term liabilities and related items are not due and payable in the current year, and, therefore, are not reported in governmental funds:	
Proceeds from forgivable loans	(1,090,475)
Net pension liability	(9,060,619)
Pension-related deferred outflows of resources	1,559,834
Pension-related deferred inflows of resources	(6,098,900)
Net OPEB liability	(445,592)
OPEB-related deferred outflows of resources	47,562
OPEB-related deferred inflows of resources	(85,915)
Total Net Position of Governmental Activities	$ (8,318,463)

See Notes to Financial Statements.

Community Leadership Academy, Inc.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2020

	General
Revenues	
Local Sources	$ 6,790,479
State Sources	1,004,306
Federal Sources	752,424
Total Revenues	8,547,209
Expenditures	
Instruction	3,516,905
Supporting Services	4,745,500
Food Service	484,770
Total Expenditures	8,747,175
Excess of Revenues Over Expenditures	(199,966)
Other Financing Sources (Uses)	
Transfers In (Out)	92,555
Proceeds from forgivable loans	1,090,475
Net Change in Fund Balance	983,064
Fund Balance, *Beginning of year*	5,765,423
Fund Balance, *End of year*	$ 6,748,487

See Notes to Financial Statements.

Community Leadership Academy, Inc.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2020

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of the Governmental Fund	$ 983,064
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital Outlays	40,000
Depreciation expense	(23,196)
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 changes in the following:	
Net pension liability	1,219,978
Pension-related deferred outflows of resources	(1,711,861)
Pension-related deferred inflows of resources	1,820,873
Net OPEB liability	67,861
OPEB-related deferred outflows of resources	17,060
OPEB-related deferred inflows of resources	(80,367)
Proceeds from forgivable loan	(1,090,475)
Change in Net Position of Governmental Activities	$ 1,242,937

See Notes to Financial Statements.

Community Leadership Academy, Inc.
Statement of Net Position
Proprietary Funds
June 30, 2020

	Building Corporation	Building Corporation II	Total
Assets			
Current Assets			
Restricted Cash and Investments	$ 1,173,930	$ 2,411,868	$ 3,585,798
Noncurrent Assets			
Capital Assets, *Not Being Depreciated*	820,000	750,000	1,570,000
Capital Assets, *Net of Accumulated Depreciation*	6,044,007	11,273,839	17,317,846
Total Noncurrent Assets	6,864,007	12,023,839	18,887,846
Total Assets	8,037,937	14,435,707	22,473,644
Liabilities			
Current Liabilities			
Accrued Interest Payable	231,488	486,861	718,349
Due to school fund	10,533	26,966	37,499
Loan Payable, *Current Portion*	205,000	75,000	280,000
Total Current Liabilities	447,021	588,827	1,035,848
Noncurrent Liabilities			
Loan Payable	6,985,473	15,795,000	22,780,473
Total Liabilities	7,432,494	16,383,827	23,816,321
Net Position			
Net Investment in Capital Assets	(326,466)	(3,846,161)	(4,172,627)
Restricted for:			
Debt Service	876,712	1,782,741	2,659,453
Repair and Replacement	55,197	115,300	170,497
Total Net Position	$ 605,443	$ (1,948,120)	$ (1,342,677)

See Notes to Financial Statements.

Community Leadership Academy, Inc.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Building Corporation	Building Corporation II	Total
Operating Revenues			
Lease Revenue	$ 667,975	$ 1,243,467	$ 1,911,442
Total Operating Revenues	667,975	1,243,467	1,911,442
Operating Expenses			
Depreciation	89,828	158,527	248,355
Debt Service			
Interest	464,338	1,168,876	1,633,214
Total Operating Expenses	554,166	1,327,403	1,881,569
Net Operating Income (Loss)	113,809	(83,936)	29,873
Nonoperating Revenues			
Investment Income	10,755	25,928	36,683
Net Income (Loss) Before Transfers	124,564	(58,008)	66,556
Transfers In (Out)	(29,174)	(63,381)	(92,555)
Change in Net Position	95,390	(121,389)	(25,999)
Net Position, *Beginning of year*	510,053	(1,826,731)	(1,316,678)
Net Position, *End of year*	$ 605,443	$ (1,948,120)	$ (1,342,677)

See Notes to Financial Statements.

Community Leadership Academy, Inc.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Building Corporation	Building Corporation II	Total
Cash Flows From Operating Activities			
Lease Payments Received	$ 667,975	$ 1,243,467	$ 1,911,442
Loan Principal Paid	(195,000)	(70,000)	(265,000)
Loan Interest Paid	(468,581)	(1,170,918)	(1,639,499)
Net Cash Provided (Used) by Operating Activities	4,394	2,549	6,943
Cash Flows From Capital and Related Financing Activities			
Payments to Other Funds	(18,642)	(70,496)	(89,138)
Cash Flows From Investing Activities			
Investment Income Received	10,755	25,928	36,683
Net Change in Cash and Cash Equivalents	(3,493)	(42,019)	(45,512)
Cash and Cash Equivalents, *Beginning of year*	1,177,423	2,453,887	3,631,310
Cash and Cash Equivalents, *End of year*	$ 1,173,930	$ 2,411,868	$ 3,585,798
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Net Operating Income (Loss)	$ 113,809	$ (83,936)	$ 29,873
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation Expense	89,827	158,527	248,354
Changes in Assets and Liabilities			
Accrued Interest Payable	(5,605)	(2,042)	(7,647)
Loan Payable	(193,637)	(70,000)	(263,637)
Net Cash Provided (Used) by Operating Activities	$ 4,394	$ 2,549	$ 6,943

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 (the Institute) to authorize the School pursuant to State statutes. The current contract expires on June 30, 2021. 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 (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting policies. The more significant of the School's accounting policies are described below.

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 the organization has the potential to provide benefits to, or impose financial burdens on, the School.

The School includes Community Leadership Academy Building Corporation (the Corporation) and 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 otherwise provide facilities, equipment and other physical plant and related support to the School. The Corporation and the Corporation II are blended into the School's financial statements as enterprise funds, and do not issue separate financial statements.

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 statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statement *(Continued)*

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 others 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. Unrestricted revenues not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental fund and the proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. 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. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants and interest income 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation *(Continued)*

The School reports the following major governmental fund:

General Fund - This fund is the general operating fund of the School. It is currently used to account for all financial activities of the School.

The School reports two major proprietary 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 middle and high school facility, and the related debt service.

Assets, Liabilities and Fund Balance/Net Position

Cash Equivalents - 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.

Inventory - Food inventory is stated at average cost. Inventory is recorded as an asset when individual items are purchased and as an expense when consumed. Donated inventories, received at no cost under a program supported by the federal government, are valued based upon the cost provided by the federal government.

Capital Assets - Capital assets are reported in the government-wide financial statements and the proprietary funds in the fund 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.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the statement of net position in the government-wide and proprietary fund financial statements. Depreciation is provided over the estimated useful lives of the capital assets using the straight-line method, as follows.

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

Interest incurred during construction is included in the capitalized value of the related capital assets in the business-type activities and the proprietary funds.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balance/Net Position *(Continued)*

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from 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 of the General Fund.

Unearned Revenues - Unearned revenues include grants received before eligibility requirements established by the provider have been met.

Compensated Absences - Employees are allowed to accumulate unused vacation and paid time off (PTO) up to 14 days. Upon termination of employment from the School, an employee will be compensated for all accrued vacation time and PTO at the rate of $100 per day. A liability for these compensated absences is not reported in the financial statements because the amount is insignificant.

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as current expenses or expenditures.

Pensions - The School participates in the School Division Trust Fund (SCHDTF), 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 SCHDTF'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 SCHDTF. 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities 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 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 Balance - In the government-wide and fund financial statements, net position and fund balance 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.

Subsequent Events

The School has evaluated subsequent events through September 29, 2020, the date the financial statements were available to be issued.

Note 2: Stewardship, Compliance and Accountability

Accountability

At June 30, 2020, the Corporation II had a negative net position of $1,948,120. Management expects this negative balance to be eliminated as the Corporation II's debt is paid.

Note 3: Cash and Investments

Cash and investments at June 30, 2019, consisted of the following:

Deposits	$	519,220
Petty Cash		100
Investments		10,507,463
Total	$	11,026,783

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

Cash and Investments	$	7,440,985
Restricted Cash and Investments		3,585,798
Total	$	11,026,783

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all 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.

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

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.

Note 3: Cash and Investments (Continued)

Investments *(Continued)*

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

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, 2020, the School had $6,921,665 invested in the Colorado Surplus Asset Fund Trust (CSAFE), and the Corporation and the Corporation II had $1,173,930 and $2,411,868, 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.

Colotrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using the NAV per share (or its equivalent) of the investments.

Colotrust is an investment vehicle established by state statute for local entities in Colorado to pool surplus funds for investment purposes and are registered with the State Securities Commissioner. The pools operate similarly to money market funds and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Investments of the pools consist of US Treasury bills, notes, and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by US Treasury securities and or US Instrumentalities. Colotrust is rated AAAm by Standard and Poor's. Information regarding Colotrust's financial statements is available at their website www.colotrust.com.

CSAFE is considered to be a 2a7-like investment and is valued at amortized cost. The 2a7-like investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. The 2a7-like investments conform to Colorado Statures CRS 24-75-601 et. Seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado Depositories collateralized at 102% of market value investments will conform to its Permitted Investments and will meet Standard & Poor's investment guidelines to achieve a AAAm rating, the highest attainable rating for a Local Government Investment Pool. Information regarding CSAFE's financial statements is available at the website www.csafe.org.

Note 3: Cash and Investments (Continued)

Restricted Cash and Investments

Investments of $1,173,930 and $2,411,868 have been restricted by the Corporation and the Corporation II, respectively, for future debt service and building repair and replacement.

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

Governmental Activities	**Balance 6/30/19**	**Additions**	**Deletions**	**Balance 6/30/20**
Capital Assets, *Being Depreciated*				
Equipment	$ 203,282	$ 40,000	$ -	$ 243,282
Less Accumulated Depreciation				
Equipment	(112,931)	(23,196)	-	(136,127)
Governmental Activities Capital Assets, *net*	$ 90,351	$ 16,804	$ -	$ 107,155

Depreciation expense of the governmental activities of $12,062 and $11,134 was charged to the instruction and supporting services programs, respectively.

Business-Type Activities	**Balance 6/30/19**	**Additions**	**Deletions**	**Balance 6/30/20**
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	591,049	-	-	591,049
Total Capital Assets, *Being Depreciated*	19,434,313	-	-	19,434,313
Less Accumulated Depreciation				
Buildings and Improvements	(1,491,144)	(214,453)	-	(1,705,597)
Equipment	(376,968)	(33,902)	-	(410,870)
Total Accumulated Depreciation	(1,868,112)	(248,355)	-	(2,116,467)
Total Capital Assets, *Being Depreciated, net*	17,566,201	(248,355)	-	17,317,846
Business-Type Activities Capital Assets, *net*	$ 19,136,201	$ (248,355)	$ -	$ 18,887,846

Note 5: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions for the year ended June 30, 2020:

	Balance 6/30/19	Additions	Payments	Balance 6/30/20	Due Within One Year
Governmental-Type Loans					
PPP Loan	-	1,090,475	-	1,090,475	422,132
Total	$ -	$ 1,090,475	-	$ 1,090,475	$ 422,132

On May 5, 2020, the Academy obtained a loan from a local bank under the Paycheck Protection Plan (PPP) program administered by the Small Business Administration (SBA) in the amount of $1,090,475. The terms of the loan require the academy to begin repayment on December 1, 2020 with payments of $61,358, including interest at 1%. Subsequent to the date of the loan, the SBA made revisions to the PPP program that allowed modifications to some of the terms that would allow a borrower to extend the repayment term.

During June 2020, the Academy filed an application under SBA guidance for forgiveness for the entire amount of the indebtedness. While the SBA has not processed the application, management believes the Academy has complied with all requirements for forgiveness. Any portion of the loan not forgiven will be repaid under the existing terms of the loans.

Future debt service requirements for the loan, based upon the amount and terms as of June 30, 2020, is as follows:

Year Ended June 30,	Principal	Interest	Total
2021	$ 422,132	$ 5,307	$ 427,439
2022	668,343	3,346	671,689
Total	$ 1,090,475	$ 8,653	$ 1,099,128

Business-Type Activity

Following is a summary of long-term debt transactions for the year ended June 30, 2020:

	Balance 6/30/19	Additions	Payments	Balance 6/30/20	Due Within One Year
Business-Type Activities					
2008 Loan	$ 7,410,000	$ -	$ 195,000	$ 7,215,000	$ 205,000
Discount	(25,890)	-	(1,363)	(24,527)	-
2013 Loan	15,940,000	-	70,000	15,870,000	75,000
Total	$ 23,324,110	$ -	$ 263,637	$ 23,060,473	$ 280,000

Note 5: Long-Term Debt (Continued)

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 payments to the Corporation for use of the building. The Corporation is required to make equal loan payments 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 2049.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	$ 280,000	$ 1,622,412	$ 1,902,412
2022	300,000	1,603,705	1,903,705
2023	315,000	1,583,887	1,898,887
2024	335,000	1,562,956	1,897,956
2025	360,000	1,540,562	1,900,562
2026 - 2030	2,170,000	7,167,081	9,337,081
2031 - 2035	2,980,000	6,541,616	9,521,616
2036 - 2040	4,120,000	5,361,808	9,481,808
2041 - 2045	5,815,000	3,522,507	9,337,507
2046 - 2049	6,410,000	997,928	7,407,928
Total	$ 23,085,000	$ 31,504,462	$ 54,589,462

Note 6: Interfund Transactions

During the year ended June 30, 2020, the Corporation I and the Corporation II transferred excess funds of $29,174 and $63,381 correspondingly to the General fund.

Note 7: 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.

Note 7: Risk Management (Continued)

The School purchases commercial insurance for workers compensation risks. For its risk of property loss or damage and general liability, the School participates in the Colorado School Districts Self-Insurance Pool (CSDSIP).

The CSDSIP is sponsored by the Colorado Association of School Boards (CASB) and operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The School pays an annual premium to the CSDSIP for property and liability insurance coverage. 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 8: Defined Benefit Pension Plan

General Information

Plan description - The School contributes to the SCHDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. All employees of the School participate in the SCHDTF. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available financial report (CAFR) that includes information on the SCHDTF that may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The SCHDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the a) highest average salary over three years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the retiring employee's contribution account plus an equal match on eligible amounts as of the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Note 8: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent 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 are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 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) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions - The School, eligible employees and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. The contribution rate for eligible employees is 8.75% of covered salaries during the period of July 1, 2019 through June 30, 2020. The School's contribution rate was 20.40% of covered salaries for July 1, 2019 through June 30, 2020. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 9). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Note 8: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, $225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200. During the year ended June 30, 2020, the direct distribution for the SCHDTF was $127,367,213.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from School were $665,893 for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured at December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

At June 30, 2020, the School reported a liability of $9,060,619 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School Proportionate share of net pension liability	$ 10,209,829
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the School	(1,149,210)
Total	$ 9,060,619

Note 8: Defined Benefit Pension Plan (Continued)

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

The School's proportion of the net pension liability was based on School's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity. At December 31, 2019, the School proportion was 0.0606475935%, which was an increase of 0.0025882614% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized pension benefit of $662,499 which included $36,352 of support from the State as a nonemployer contributing entity. At June 30, 2020, 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	$ 493,809	$ -
Changes of assumptions and other inputs	258,666	4,109,810
Net difference between projected and actual earnings on plan investments	-	1,073,319
Changes in proportion	439,879	915,771
Contributions subsequent to the measurement date	367,480	-
Total	$ 1,559,834	$ 6,098,900

School contributions subsequent to the measurement date of $367,480 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,	
2021	$ (2,791,297)
2022	(1,854,823)
2023	104,685
2024	(365,111)
Total	$ (4,906,546)

Note 8: 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, 2018, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry Age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50-9.70 percent
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-employment benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

For 2019, the annual increase was 0.00 percent

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

- *Males*: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- *Females*: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Note 8: Defined Benefit Pension Plan (Continued)

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, 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 weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation, and best estimates of geometric real rates of return for each major asset class, as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 rate of return assumption of 7.25%.

Note 8: Defined Benefit Pension Plan (Continued)

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

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 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 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer 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. Employer contributions also include the 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 employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer 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 will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- 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.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Note 8: Defined Benefit Pension Plan (Continued)

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF'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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what 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 (6.25%) or one percentage point higher (8.25%) 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	$ 12,016,321	$ 9,060,619	$ 6,579,050

Pension Plan Fiduciary Net Position - Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports

Note 9: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the 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. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Note 9: Postemployment Healthcare Benefits Plan (Continued)

General Information *(Continued)*

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if 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 retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution 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 and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is 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.

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 basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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 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 or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Note 9: Postemployment Healthcare Benefits Plan (Continued)

General Information *(Continued)*

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the School's contributions to the SCHDTF (see Note 8) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the <Insert the Financial Reporting Entity Name> is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School for the year ended June 30, 2020, was $35,505 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, 2020, the School reported a net OPEB liability of $445,592 representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2019.

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, 2019, relative to the contributions of all participating employers. At December 31, 2019, the School's proportion was 0.0396435047%, which was an increase of .0019046215% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized OPEB expense of $36,359. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,478	$ 74,876
Changes of assumptions and other inputs	3,696	-
Net difference between projected and actual earnings on plan investments	-	7,438
Changes in proportion	22,845	3,601
Contributions subsequent to the measurement date	19,543	-
Total	$ 47,562	$ 85,915

Note 9: Postemployment Healthcare Benefits Plan (Continued)

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

School contributions subsequent to the measurement date of $19,543 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: of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	$ (12,398)
2022	(12,397)
2023	(10,245)
2024	(12,013)
2025	(10,226)
Thereafter	(617)
Total	$ (57,896)

Actuarial assumptions. The actuarial valuation as of December 31, 2019, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans:	
5.60% for 2019, gradually decreasing to 4.50% in 2029	
Medicare Part A premiums:	
3.50% for 2019, gradually increasing to 4.50% in 2029	

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Note 9: Postemployment Healthcare Benefits Plan (Continued)

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed and reviewed by PERA's actuary as needed.

All costs are subject to the health care cost trend rates, as discussed below.

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 & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Note 9: Postemployment Healthcare Benefits Plan (Continued)

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016 and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously (see Note 8).

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 rate of return assumption of 7.25%.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above.

Note 9: Postemployment Healthcare Benefits Plan (Continued)

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

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, 2019, 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 3.50%.
- 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.
- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected 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%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net OPEB liability 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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 503,832	$ 445,592	$ 395,785

Note 9: Postemployment Healthcare Benefits Plan (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the School's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 2.5% to 6.5%, as well as the School's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 435,007	$ 445,592	$ 457,824

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 10: Subsequent Event

Subsequent to year-end, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. The School has been economically impacted by the event, however the full economic effect has yet to be determined.

Required Supplementary Information

Community Leadership Academy, Inc.

Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2020

	12/31/19	12/31/18
Proportionate Share of the Net Pension Liability		
School's Proportion of the Net Pension Liability	0.0606475935%	0.0580593321%
School's Proportionate Share of the Net Pension Liability	$ 9,060,619	$ 10,280,597
School's Covered-Employee Payroll	$ 3,564,578	$ 3,191,833
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	254%	322%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	57%

	6/30/20	6/30/19
School Contributions		
Statutorily Required Contribution	$ 665,893	$ 673,598
Contributions in Relation to the Statutorily Required Contribution	(665,893)	(673,598)
Contribution Deficiency (Excess)	$ -	$ -
School's Covered-Employee Payroll	$ 3,480,879	$ 3,521,169
Contributions as a Percentage of Covered-Employee Payroll	19.13%	19.13%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Community Leadership Academy, Inc.
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2020
(Continued)

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.0661741371%	0.0671022949%	0.0640820292%	0.0579476004%	0.0493566656%
School's Proportionate Share of the Net Pension Liability	$ 21,398,364	$ 19,978,948	$ 9,800,894	$ 7,853,846	$ 6,295,429
School's Covered-Employee Payroll	$ 3,052,535	$ 3,012,109	$ 2,793,277	$ 2,427,589	$ 1,989,724
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%

	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
School Contributions					
Statutorily Required Contribution	$ 566,082	$ 433,864	$ 523,083	$ 443,208	$ 351,007
Contributions in Relation to the Statutorily Required Contribution	(566,082)	(433,864)	(523,083)	(443,208)	(351,007)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 2,998,435	$ 2,360,708	$ 2,950,423	$ 2,625,539	$ 2,195,467
Contributions as a Percentage of Covered-Employee Payroll	18.88%	18.38%	17.73%	16.88%	15.99%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Community Leadership Academy, Inc.

Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2020

	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net Pension Liability			
School's Proportion of the Net Pension Liability	0.0396435047%	0.0377388832%	0.0375998993%
School's Proportionate Share of the Net Pension Liability	$ 445,592	$ 513,453	$ 488,648
School's Covered-Employee Payroll	$ 3,564,578	$ 3,191,833	$ 3,052,535
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24%	17%	18%

	6/30/20	6/30/19	6/30/18
School Contributions			
Statutorily Required Contribution	$ 35,505	$ 35,916	$ 30,584
Contributions in Relation to the Statutorily Required Contribution	(35,505)	(35,916)	(30,584)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 3,480,879	$ 3,521,169	$ 2,998,435
Contributions as a Percentage of Covered-Employee Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Community Leadership Academy, Inc.
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 7,558,200	$ 6,603,900	$ 6,610,199	$ 6,299
Pupil Activities	5,000	5,000	1,147	(3,853)
Food Service Fees	-	-	7,378	7,378
Investment Income	125,000	115,000	89,547	(25,453)
Other	39,800	53,100	82,208	29,108
Total Local Sources	7,728,000	6,777,000	6,790,479	13,479
State Sources				
Mill Levy Equalization	274,000	339,000	313,491	(25,509)
At-Risk Supplemental Aid	-	-	52,225	52,225
Additional At-Risk Funding	47,000	47,000	7,146	(39,854)
Capital Construction	245,000	210,900	250,448	39,548
Grants	320,500	454,200	380,996	(73,204)
Total State Sources	886,500	1,051,100	1,004,306	(46,794)
Federal Sources				
Grants	752,000	754,900	752,424	(2,476)
Total Revenues	9,366,500	8,583,000	8,547,209	(35,791)
Expenditures				
Instruction				
Salaries	2,350,000	2,303,700	2,249,704	53,996
Employee Benefits	875,000	859,900	825,083	34,817
Purchased Services	137,900	137,900	178,067	(40,167)
Supplies	323,600	275,000	176,021	98,979
Property	25,000	45,300	88,030	(42,730)
Other	1,400	1,400	-	1,400
Total Instruction	3,712,900	3,623,200	3,516,905	106,295
Supporting Services				
Salaries	1,153,500	1,069,000	1,061,498	7,502
Employee Benefits	376,700	340,800	356,183	(15,383)
Purchased Services	3,053,000	3,165,200	2,956,801	208,399
Supplies	339,000	306,600	301,377	5,223
Property	151,600	38,900	61,894	(22,994)
Other	24,000	30,500	7,747	22,753
Total Supporting Services	$ 5,097,800	$ 4,951,000	$ 4,745,500	$ 205,500

(Continued)

Community Leadership Academy, Inc.

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020
(Continued)

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Expenditures (Continued)				
Food Service				
Salaries	$ 165,000	$ 165,000	$ 154,778	$ 10,222
Employee Benefits	70,000	77,300	71,672	5,628
Purchased Services	20,800	21,500	13,265	8,235
Supplies	300,000	300,000	245,055	54,945
Total Food Service	555,800	563,800	484,770	79,030
Total Expenditures	9,366,500	9,138,000	8,747,175	390,825
Excess of Revenues Over Expenditures	-	(555,000)	(199,966)	355,034
Other Financing Sources (Uses)				
Proceeds from forgivable loans	-	-	1,090,475	1,090,475
Transfers In	-	55,000	92,555	37,555
Net Change in Fund Balance	-	(500,000)	983,064	1,483,064
Fund Balance, *Beginning of year*	4,595,000	5,765,400	5,765,423	23
Fund Balance, *End of year*	$ 4,595,000	$ 5,265,400	$ 6,748,487	$ 1,483,087

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado (PERA) School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The School's contributions and related ratios represent cash contributions and any related accruals that coincide with the School's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended June 30, 2020, the total pension liability was determined by an actuarial valuation as of December 31, 2018. The following revised economic and demographic assumptions were effective as of December 31, 2018.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption increased from 4.78% per year, net of investment expenses, to 7.25%. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

A budget is adopted for the School 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.