STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Independent Auditor's Report and Financial Statements

June 30, 2017

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
June 30, 2017

STRIVE Preparatory Schools
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Independent Auditor's Report

Board of Trustees
STRIVE Preparatory Schools
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and the major fund of STRIVE Preparatory Schools (STRIVE Prep), a component unit of Denver Public Schools, as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise STRIVE Prep's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of STRIVE Prep as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Trustees
STRIVE Preparatory Schools

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise STRIVE Prep's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the combining financial statements and budgetary comparison schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

BKD, LLP

Denver, Colorado
October 30, 2017

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending June 30, 2017

As management of Strive Preparatory Schools, we offer readers of the basic financial statements this narrative and analysis of the financial activities of Strive Preparatory Schools for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

- The year ended June 30, 2017 was the eleventh year of operations for Strive Preparatory Schools. The general fund balance increased from $5,628,284 to $6,208,375 in the year ended June 30, 2017.
- The financial results of Strive Preparatory Schools under a Government-wide accounting presentation are materially impacted by GASB 68, *Accounting and Financial Reporting for Pensions*. Prior to the implementation of GASB 68, Strive Preparatory Schools only reported a pension liability to the extent that it was behind on its annual actuarially-determined payments into the pension plan. Under GASB 68, Strive Preparatory Schools must report a liability for its proportionate share of the entire underfunded status of the plan. As of December 31, 2016, the DPS division of the Colorado Public Employee's Retirement Association (PERA) had a net pension liability (NPL) of $1,095,472,000. Strive Preparatory Schools' portion of the NPL, which is based on Strive Preparatory Schools' portion of current year contributions to PERA as a percentage of the total current year contributions to the DPS division of PERA, is 3.371% or $36,927,125.
- Net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries.
- The NPL is unlike other liabilities on Strive Preparatory Schools' statement of net position. Strive Preparatory Schools has no ability to pay off the NPL under an accelerated schedule as contribution rates are set in statute. As a long-term obligation, NPL is not recorded in the modified accrual basis financial statement of governmental funds. Strive Preparatory Schools has no legal obligation to fund any shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. It does not impact the current resources focus of the general fund, nor does it impact Strive Preparatory Schools ability to meet its current financial obligations.
- Excluding the impact of GASB 68, the assets of Strive Preparatory Schools exceeded its liabilities at the close of the most recent fiscal year. If not for GASB 68 and the recognition of the NPL, STRIVE Preparatory School's net position would be $6,403,805. However, due to GASB 68, the liabilities and deferred inflows of resources of Strive Preparatory Schools exceeded the assets and deferred outflows of resources by $16,570,039.

- The operations of Strive Preparatory Schools for the year ended June 30, 2017 were funded both by tax revenue received under the State School Finance Act (the Act) and private contributions. Tax revenue for the year from per pupil revenue was $27,139,939. In addition, individual gifts and foundation grants supplemented the tax revenue received in order to finance operations.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Strive Preparatory Schools' basic financial statements. The basic 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 Strive Preparatory Schools' finances in a manner similar to a private-sector business.

The statement of net position presents information on all of Strive Preparatory Schools' assets and deferred outflows; and liabilities and deferred inflows, with the difference between the two being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of Strive Preparatory Schools is improving or deteriorating. However, it is important to note that the net pension liability does not impact Strive Preparatory Schools' ability to meet its current financial obligations.

The statement of activities presents information showing how Strive Preparatory Schools' net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods.

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. Strive Preparatory Schools keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending June 30, 2017

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of Strive Preparatory Schools' financial position. For the year ended June 30, 2017, Strive Preparatory Schools' liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $16,570,039. It is important to note that $36,927,125 of the net deficit is due to the recognition of the unfunded pension liability. Additionally, $1,125,443 of the net deficit is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Condensed Statement of Net Position

	2017	2016
Assets		
Current (noncapital)	$ 8,407,346	$ 7,074,871
Total assets	8,407,346	7,074,871
Deferred Outflows of Resources	16,334,880	10,032,935
Liabilities		
Current	1,621,760	580,770
Noncurrent liabilities		
Loans payable	381,781	378,031
Net pension liability	36,927,125	23,742,116
Total liabilities	38,930,666	24,700,917
Deferred Inflows of Resources	2,381,599	2,660,666
Net Position		
Restricted for emergencies	1,125,443	990,000
Unrestricted	(17,695,482)	(11,243,777)
Total net position	$ (16,570,039)	$ (10,253,777)

Condensed Statement of Activities

	2017	2016
Revenues		
Per pupil operating revenue	$ 27,139,939	$ 24,513,249
Mill levy	5,551,745	2,989,060
Grants & contributions	7,010,958	7,136,078
Investment income	52,787	879
Miscellaneous	559,334	128,353
Total revenue	40,314,763	34,767,619
Expenses		
Instruction		
General	19,794,894	18,069,593
Allocation of GASB 68 pension expense	3,755,620	2,339,178
Support services		
General	20,228,383	16,588,591
Allocation of GASB 68 pension expense	2,848,378	1,608,354
Interest on long-term debt	3,750	3,031
Total expenses	46,631,025	38,608,747
Change in Net Position	(6,316,262)	(3,841,128)
Net Position (Deficit) - Beginning	(10,253,777)	(6,412,649)
Net Position (Deficit) - Ending	$ (16,570,039)	$ (10,253,777)

While the net deficit increased by $6,316,262, the amount of this attributable to GASB 68 is $6,603,998. Operationally, enrollment grew by 8.6%; from 3,204 to 3,479. Revenues grew by $5,547,144, or 16.0%. Expenses, excluding pension expense, grew by $8,022,278 or 20.8%. The growth in expenses was impacted by the opening of two new schools in the fiscal year ended 2017.

Financial Analysis of Strive Preparatory Schools Funds

Governmental Funds

The focus of Strive Preparatory Schools' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Strive Preparatory Schools' financing requirements. In particular, unassigned fund balance may serve as a useful measure of Strive Preparatory Schools' net resources available for spending at the end of the fiscal year.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending June 30, 2017

As of the end of Strive Preparatory Schools' eleventh fiscal year, Strive Preparatory Schools reported a governmental fund balance of $6,208,375, which represents an increase of $580,091 over the previous fiscal year.

General Fund Budgetary Highlights

Strive Preparatory Schools' budget was $40,925,278 for the year ended June 30, 2017. Actual expenditures were $40,023,277. The difference between budgeted versus actual expenditures in the general fund is primarily due to lower supplies and materials expenses and an unused contingency. There were two budgetary amendments during the year.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Strive Preparatory Schools is student enrollment. The enrollment for the 2016-2017 school year was 3,479 students. The budgeted enrollment for the 2017-2018 school year is 3,785.

Requests for Information

The financial report is designed to provide a general overview of Strive Preparatory Schools' finances for all those with an interest in Strive Preparatory Schools. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

STRIVE Preparatory Schools
2480 W. 26th Avenue
Suite 360-B
Denver, CO 80211

Basic Financial Statements

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	$ 1,768,442
Investments	5,516,372
Accounts receivable	627,807
Grants receivable	160,091
Inventory	70,941
Prepaid expenses	263,693
Total assets	8,407,346
Deferred Outflows of Resources	16,334,880
Liabilities	
Accounts payable	1,023,235
Accrued liabilities	494,275
Unearned revenue	104,250
Noncurrent liabilities	
Loans payable	381,781
Net pension liability	36,927,125
Total liabilities	38,930,666
Deferred Inflows of Resources	2,381,599
Net Position	
Restricted for emergencies	1,125,443
Unrestricted (deficit) - Note 12	(17,695,482)
Total net position (deficit)	$ (16,570,039)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Primary Government				
Governmental Activities				
Instruction				
General	$ 19,794,894	$ 3,370,352	$ 487,768	$ (15,936,774)
Allocation of GASB 68 pension expense	3,755,620	-	-	(3,755,620)
Supporting services				
General	20,228,383	279,247	-	(19,949,136)
Allocation of GASB 68 pension expense	2,848,378	-	-	(2,848,378)
Interest on long-term debt	3,750	-	-	(3,750)
Total governmental activities	$ 46,631,025	$ 3,649,599	$ 487,768	(42,493,658)
General Revenues				
Per pupil revenue				27,139,939
District mill levy				5,551,745
Grants and contributions not restricted to specific programs				2,873,591
Investment income				52,787
Miscellaneous				559,334
Total general revenues				36,177,396
Change in Net Position				(6,316,262)
Net Position (Deficit) - Beginning				(10,253,777)
Net Position (Deficit) - Ending				$ (16,570,039)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Balance Sheet – Governmental Fund
June 30, 2017

	General
Assets	
Cash	$ 1,768,442
Investments	5,516,372
Accounts receivable	627,807
Grants receivable	160,091
Inventory	70,941
Prepaid expenditures	263,693
Total assets	$ 8,407,346
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	$ 1,023,235
Accrued liabilities	494,275
Unearned revenue	104,250
Total liabilities	1,621,760
Deferred Inflows of Resources	577,211
Fund Balance	
Nonspendable inventory	70,941
Nonspendable prepaid expenditures	263,693
Restricted for emergencies	1,125,443
Unassigned	4,748,298
Total fund balance	6,208,375
Total liabilities, deferred inflows and fund balance	$ 8,407,346

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Balance Sheet – Governmental Fund (continued)
June 30, 2017

		General
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Total fund balance - governmental fund	$	6,208,375
Deferred inflows of resources are not available in the current period and, therefore, are not recorded in the fund		(2,381,599)
Certain revenues are deferred inflows of resources in the fund because they are not available but are recognized as revenue in the government-wide financial statements		577,211
Deferred outflow of resources are not financial resources and, therefore, are not reported in the fund		16,334,880
Long-term liabilities are not due and payable in the current year and, therefore are not reported in governmental funds		(381,781)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the fund		(36,927,125)
Net position (deficit) of governmental activities	$	(16,570,039)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund
Year Ended June 30, 2017

	General
Revenues	
Local sources	$ 36,466,000
State sources	1,419,523
Federal sources	2,717,845
Total revenues	40,603,368
Expenditures	
Current	
Instruction	19,794,894
Supporting services	20,228,383
Total expenditures	40,023,277
Excess of Revenues over Expenses	580,091
Net Change in Fund Balance	580,091
Fund Balance, Beginning	5,628,284
Fund Balance, Ending	$ 6,208,375

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund (continued)

Year Ended June 30, 2017

		General
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Net change in fund balance of the governmental fund:	$	580,091
Repayment of long term receivables are revenue in the fund, but do not affect the Statement of Activities.		(288,605)
Some expenses recorded in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund.		
Pension expense (Instruction: $(3,755,620); Supporting Services: $(2,848,378))		(6,603,998)
Interest expense		(3,750)
Change in net position of governmental activities	$	(6,316,262)

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
June 30, 2017

Note 1: Summary of Significant Accounting Policies

The West Denver Preparatory Charter School was formed in November 2005, pursuant to the Colorado Charter Schools Act to form and operate a charter school within Denver Public Schools (the District). In September 2012, the West Denver Preparatory Charter School's name was changed to STRIVE Preparatory Schools (STRIVE Prep). In the year ended June 30, 2017, STRIVE Prep operated eleven schools, and served grades kindergarten through three and six through twelve.

Reporting Entity

STRIVE Prep is a component unit of Denver Public Schools (the District). The District granted the charter and provides the majority of the funding to STRIVE Prep.

The financial reporting entity consists of STRIVE Prep, organizations for which STRIVE Prep is financially accountable, and organizations that raise and hold economic resources for the direct benefit of STRIVE Prep. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of STRIVE Prep. Legally separate organizations for which STRIVE Prep is financially accountable are considered part of the reporting entity. Financial accountability exists if STRIVE Prep appoints a voting majority of the organization's governing board or if the organization is fiscally dependent on STRIVE Prep and STRIVE Prep is able to impose its will on the organization, or the organization provides benefits to, or imposes financial burdens on, STRIVE Prep. Based on the application of this criteria, the following organization qualifies as a component unit of STRIVE Prep.

In June 2012, the West Denver Preparatory Charter School Building Corporation (the Corporation) was formed to hold title to real and/or personal property for, and to make the same available for use by, STRIVE Prep, and to otherwise provide public buildings and facilities to STRIVE Prep. The Corporation has no financial balances or transactions outside of those reported by STRIVE Prep, and therefore, is not reported separately in the financial statements. The Corporation does 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 STRIVE Prep. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to students or 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

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. 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. Available means collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days.

Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year if they are expected to be received within one year. All other revenues are considered to be measurable and available only when cash is received by STRIVE Prep. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is STRIVE Prep’s policy to use restricted resources first, and the unrestricted resources as they are needed.

STRIVE Prep reports the following major governmental fund:

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

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

Cash and Cash Equivalents, and Investments – Investments are reported at fair value.

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 – Materials and supplies inventory is stated at cost, using the first-in, first-out method. Inventory is recorded as an asset when individual items are purchased and as an expense when consumed.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets – Capital assets, which include buildings and building improvements, are reported in the government-wide financial statements, if any. Capital assets are defined by STRIVE Prep 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 estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the government-wide financial statements.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenses or expenditures.

Compensated Absences – STRIVE Prep's policy allows employees to use six days of personal leave during each school year. Employees are compensated for any unused personal leave prior to the end of the fiscal year, at the rate of $96 per day. Therefore, no liability for compensated absences is reported in the financial statements.

Deferred Outflows/Inflows of Resources – A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Both are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the periods(s) to which they relate. Refer to Note 4 for information on deferred outflow/inflows or resources related to pensions.

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 Trustees 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.

STRIVE Prep 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, STRIVE Prep uses restricted fund balance first, followed by committed, assigned and unassigned fund balances.

Risk Management

STRIVE Prep is exposed various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters. STRIVE Prep carries commercial insurance for risks of loss, including liability, property, errors and omissions, and workers' compensation.

Settled claims resulting from these risks have not exceeded STRIVE Prep's insurance coverage for fiscal years 2017, 2016, or 2015.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in fund balance/net position during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Annually, the Board of Trustees adopts a budget for STRIVE Prep, on a basis consistent with generally accepted accounting principles.

A proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following July 1 for their approval. The budget includes proposed expenditures and the means of financing them. Revisions that alter the total expenditures must be approved by the Board of Trustees. All appropriations lapse at fiscal year-end.

Note 2: Cash and Investments

Cash and investments at June 30, 2017 consisted of the following:

Deposits

The financial institution holding STRIVE Prep's cash accounts is participating in the FDIC's Transaction Account Guarantee Program. Interest-bearing transaction accounts were subject to the $250,000 limit on FDIC insurance per covered institution.

STRIVE Prep's investment policy conforms to state statute for governmental entities. All accounts established at financial institutions should, in the aggregate, total less than $250,000 so as to provide maximum insurance coverage provided by the FDIC. If, however, deposits exceed the $250,000 insurance coverage level, the excess must be: (1) fully collateralized at face value with government securities, (2) separately segregated in STRIVE Prep's name, and (3) held at a Federal Reserve Bank or another depository.

Under the provisions of GASB 40, *Deposit and Investment Risk Disclosures*, deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions under Colorado Public Deposit Protection Act (PDPA), as discussed below. Custodial credit risk is the risk that in the event of bank failure, STRIVE Prep's deposits may not be returned.

Colorado state statutes govern STRIVE Prep's deposit of cash. The PDPA requires STRIVE Prep to make deposits only 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 pools 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

STRIVE Prep 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 generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. 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

Local Government Investment Pool – At June 30, 2017, STRIVE Prep had $5,516,372 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes and is registered with the state Securities Commissioner. It operates similarly to a money market fund 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. The majority of securities owned by COLOTRUST 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 COLOTRUST. Investments of the pool consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. COLORADO Trust is comprised of two funds: PRIME and PLUS+. Both funds carry an AAAm from Standards and Poor's. The Colorado Division of Securities administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST is rated AAAm by Standard and Poor's. Investments of COLOTRUST are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no limitations or restrictions on withdrawals.

At June 30, 2017 STRIVE Prep had cash on deposit balances consisting of the following:

	Carrying Amount	Bank Balance	Amount Covered Under PDPA
Checking	$ 1,768,242	$ 2,107,199	$ 1,857,199

Note 3: Long-term Debt

Changes in long-term debt for the year ended June 30, 2017 were as follows:

	Balance at June 30, 2016	Additions	Payments	Balance at June 30, 2017	Due Within One Year
Loan payable	$ 375,000	$ -	$ -	$ 375,000	$ -
Interest payable	3,031	3,750	-	6,781	-
	$ 378,031	$ 3,750	$ -	$ 381,781	$ -

In July 2015, the STRIVE Prep entered into a loan agreement in the amount of $375,000 to provide general support for STRIVE Prep in carrying out its charitable tax-exempt purposes. The loan accrues interest at the rate of 1.00% per annum and all principal and interest payments are due in full on June 30, 2021.

Note 4: Defined Benefit Pension Plan

Summary of Significant Accounting Policies

STRIVE Prep participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). In accordance with GASB 68, STRIVE Prep accounts for and reports its participation in the plan as if it was a cost sharing employer. 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/deductions from the fiduciary net position of STRIVE Prep have been determined using the same basis as they are reported by the DPS Division which uses the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

Eligible employees of STRIVE Prep are provided with pensions through the DPS Division. 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 comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit 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.

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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the DPS Division.

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 retirement benefit formula 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

Eligible employees and STRIVE Prep are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Employer Contribution Rate [1]	10.15%	10.15%
Amount of Employer Contribution apportioned to the DPS Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%	(1.02)%
PCOP Offset as specified in C.R.S. § 24-51-412	(14.56)%	(15.54)%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%	4.50%
Total Employer Contribution Rate to the DPS Division [1]	4.07%	2.59%

[1] Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42)

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and STRIVE Prep is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from STRIVE Prep were $732,156 for the year ended June 30, 2017.

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

At June 30, 2017, STRIVE Prep reported a liability of $36,927,125 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. STRIVE Prep's proportion of the net pension liability was based on STRIVE Prep's contributions to the DPS Division for the calendar year 2016 relative to the total contributions of participating employers to the DPS Division.

At December 31, 2016, STRIVE Prep's proportion was 3.37 percent, which was an increase of 0.45 basis points from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, STRIVE Prep's recognized pension expense was $7,336,154. At June 30, 2016, STRIVE Prep's 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
Difference between expected and actual experience	$ 926,893	$ 77,463
Changes of assumptions or other inputs	5,434,848	2,304,136
Net difference between projected and actual earnings on pension plan investments	4,740,377	-
Changes in proportion	4,803,386	-
Contributions subsequent to the measurement date	429,376	N/A
Total	$ 16,334,880	$ 2,381,599

$429,376 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30, 2017	
2018	$ 4,332,634
2019	4,332,634
2020	3,461,767
2021	1,396,870
2022	-
Thereafter	-
	$ 13,523,905

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

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 pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back 1 year and females set back 2 years.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016, actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect 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.

Healthy, post-retirement mortality assumptions reflect 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.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the DPS Division, 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 by the investment consultant 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 November 18, 2016 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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 Bonds	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 percent

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. 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:

- Updated economic and demographic actuarial assumptions adopted by PERAs Board on November 18, 2016.
- 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 percent.
- Employee contributions were assumed to be made at the current member contribution rate. 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, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan 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. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (*i.e.*, the plan's fiduciary net

position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (*i.e.*, the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the DPS Division'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 rate determination does not use the Municipal Bond Index Rate, and therefore, the discount rate was 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

Sensitivity of STRIVE Prep's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$54,008,623	$ 36,927,125	$ 22,819,052

Pension Plan Fiduciary Net Position

Detailed information about the DPS Division's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 5: Pension Certificates of Participation

The District issued Taxable Pension Certificates of Participation (PCOPs) to fully fund the unfunded actuarial accrued liability of its pension plan (See Note 4). For the years ended June 30, 2017, 2016, and 2015, STRIVE Prep contributed 10.03%, 9.95%, and 9.84% of covered salaries, respectively, to the District to cover its obligation relating to the PCOPs.

During the years ended June 30, 2017, 2016, and 2015, STRIVE Prep contributed $2,334,206, $1,950,814, and $1,652,800, respectively, to the District for its PCOPs obligation.

Note 6: Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description - Employees of STRIVE Prep that are also members of the DPS Division may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. STRIVE does not offer an employer match and employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2017, program members contributed $79,536.

Note 7: Postemployment Healthcare Benefits

Denver Public Schools Health Care Trust Fund

Plan Description – STRIVE Prep contributes to the Denver Public Schools Health Care Trust Fund (DPS HCTF), considered to be a cost-sharing multiple-employer healthcare trust administered by PERA. The DPS HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the DPS HCTF and 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the DPS HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – STRIVE Prep is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for STRIVE Prep are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the DPS HCTF is established under Title 24, Article 51, Section 208(1)(f.5) of the C.R.S., as amended. For the years ending June 30, 2017, June 30, 2016 and June 30, 2015, STRIVE Prep's contributions to the DPS HCTF were $199,983, and $170,443, respectively, equal to the required amounts for each year.

Note 8: Commitments, Contingencies, and Compliance

Claims and Judgments

STRIVE Prep is subject to other claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a materially adverse effect on the financial statements. In addition, federal and state grants are subject to audit which could result in disallowed costs, the amount of which is undeterminable at June 30, 2017. If any costs are disallowed in the future, management expects them to be insignificant.

Tabor Amendment

In November 1992, Colorado voters approved the Tabor Amendment to the state Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but STRIVE Prep believes it is in substantial compliance with the Amendment. In accordance with the Amendment, STRIVE Prep has established an emergency reserve representing 3% of fiscal year spending. At June 30, 2017, the reserve reported as restricted net position/fund balance totaled $1,125,443.

Facility Use Agreement

Annually, STRIVE Prep approves facility use agreements with the District to utilize educational facilities owned by the District. The facility use fees for the year ended June 30, 2017, were $777 for each student enrolled at STRIVE Prep, which totaled $2,483,196. The agreements require facility use fees of $773 per student for the year ended June 30, 2018, which for STRIVE Prep is estimated to be $2,925,805.

Note 9: Public School Financial Transparency Act

The Public School Financial Transparency Act requires local education providers to post financial information online, in a downloadable format, for free public access. STRIVE Prep believes it is in compliance with this Act , as it provides a hyperlink from its website to the Denver Public Schools financial data file.

Note 10: Line of Credit

STRIVE Prep has a revolving line of credit which provides for borrowings of up to $2,000,000. Interest is due monthly at the greater of the prime rate set by the lender plus 0.500% or the floor rate of 4.00%. The line of credit is collateralized by substantially all assets of STRIVE Prep. As of June 30, 2017, there was no outstanding balance under the line of credit.

Note 11: Building Sale

On January 14, 2015 the Corporation sold its only capital asset, a building, to Denver Public Schools for $3,502,000. In conjunction with the sale, related debt of $2,058,786 was paid off and future credits toward facility use fees of $1,443,214 were issued to the Corporation from Denver Public Schools to be utilized over five years. The remaining credits were transferred to STRIVE Prep during the prior year. These credits are to be allocated at STRIVE's discretion. The remaining balance was $577,174 at June 30, 2017 and is included in receivables.

Note 12: Unrestricted Deficit

Under GASB 68 the government wide financial results of STRIVE Prep are negatively impacted by the financial results of the Denver Public Schools Division Trust Fund (DPS Division) administered by PERA. During the current fiscal year, the DPS Division's net pension liability increased from $813.5 million to $1,095.5 million. As a result, STRIVE Prep's share of the net pension liability grew from $23.7 million to $36.9 million. This increase in liability has no impact of STRIVE Prep's ability to meet its current financial obligations. In addition, STRIVE Prep has no legal obligation to fund any shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA.

Required Supplementary Information

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Schedule of STRIVE Prep's Proportionate Share of the Net Pension Liability
Years Ended December 31, 2016, 2015, and 2014

	December 31,		
	2016	2015	2014
STRIVE Prep's proportion of the net pension liability	3.37%	2.92%	2.55%
STRIVE Prep's proportionate share of the net pension liability	$ 36,927,125	$ 23,742,116	$ 15,933,196
STRIVE Prep's covered-employee payroll	$ 23,277,622	$ 18,261,478	$ 14,637,935
STRIVE Prep's proportionate share of the net pension liability as a percentage of its covered-employee payroll	158.64%	130.01%	108.85%
Plan fiduciary net position as a percentage of the total pension liability	74.00%	79.30%	83.94%

Note: Information is not available prior to 2014. In future reports, additional years will be added until 10 years of historical data are presented.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Schedule of STRIVE Prep's Employer Contributions
Years Ended June 30, 2017, 2016, and 2015

	June 30,		
	2017	2016	2015
Contractually required contribution	$ 732,156	$ 387,817	$ 375,722
Contributions in relation to the contractually required contribution	732,156	387,817	375,722
Contribution deficiency (excess)	$ -	$ -	$ -
STRIVE Prep's covered-employee payroll	$ 21,557,308	$ 19,606,172	$ 16,710,094
Contributions as a percentage of covered-employee payroll	3.40%	1.98%	2.25%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 28,372,490	$ 27,139,939	$ 27,139,939	$ -
District mill levy	3,226,578	5,551,745	5,551,745	-
Supporting services	3,524,837	3,074,488	3,162,195	87,707
Investment income	-	53,303	52,787	(516)
Miscellaneous	-	538,108	559,334	21,226
Total local sources	35,123,905	36,357,583	36,466,000	108,417
State sources				
Capital construction	353,279	470,978	487,768	16,790
Grants	645,541	920,384	931,755	11,371
Total state sources	998,820	1,391,362	1,419,523	28,161
Federal sources				
Grants	3,492,448	2,708,453	2,717,845	9,392
Total federal sources	3,492,448	2,708,453	2,717,845	9,392
Total revenues	39,615,173	40,457,398	40,603,368	145,970
Expenditures				
Salaries	23,759,003	23,905,445	23,768,077	137,368
Employee benefits	5,878,736	5,691,148	5,645,347	45,801
Purchased services	1,321,789	1,071,574	1,154,589	(83,015)
Supplies and materials	8,577,324	8,775,117	8,622,356	152,761
Property	892,450	861,479	811,566	49,913
Other	41,140	20,515	21,342	(827)
Contingency	-	600,000	-	600,000
Total expenditures	40,470,442	40,925,278	40,023,277	902,001
Excess of Revenues over Expenses	(855,269)	(467,880)	580,091	1,047,971
Net Change in Fund Balance	$ (855,269)	$ (467,880)	580,091	$ 1,047,971
Fund Balance, Beginning			5,628,284	
Fund Balance, Ending			$ 6,208,375	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Notes to Required Supplementary Information
June 30, 2017

Note 1: Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

A budget is adopted for STRIVE Prep on a basis consistent with generally accepted accounting principles.

A proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following July 1 for their approval. The budget includes proposed expenditures and the means of financing them.

As stipulated in state statutes, expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

All appropriations lapse at fiscal year-end.

Note 2: Significant Changes Affecting Trends in Actuarial Information

2016 Changes in Assumptions or Other Inputs Since 2015

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.
- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, for males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.

- The mortality assumption for active members was changed to 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.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

Supplementary Information

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet
June 30, 2017

	STRIVE Prep - Green Valley Ranch Campus	STRIVE Prep - Montbello Campus	STRIVE Prep - Excel Campus	STRIVE Prep - Lake Campus	STRIVE Prep - Sunnyside Campus	STRIVE Prep - Federal Campus
Assets						
Cash and investments	$ 922,316	$ 646,345	$ 585,316	$ 708,359	$ 583,764	$ 1,484,104
Accounts receivable	-	-	-	-	-	-
Grants receivable	-	1,071	21,986	12,457	3,779	6,286
Inventory	1,628	5,638	7,603	5,061	5,513	2,485
Prepaid expenditures	108	108	108	108	108	22,975
Other assets	-	-	-	-	-	-
Total assets	$ 924,052	$ 653,162	$ 615,013	$ 725,985	$ 593,164	$ 1,515,850
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities						
Accounts payable	$ 90,232	$ 93,047	$ 70,734	$ 63,040	$ 63,997	$ 67,602
Accrued liabilities	26,114	25,088	17,558	22,519	18,307	28,805
Unearned revenue	-	-	-	-	-	-
Total liabilities	116,346	118,135	88,292	85,559	82,304	96,407
Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balance						
Nonspendable inventory	1,628	5,638	7,603	5,061	5,513	2,485
Nonspendable prepaid expenditures	108	108	108	108	108	22,975
Restricted for emergencies	101,853	101,980	112,479	105,237	92,755	104,050
Unassigned	704,117	427,301	406,531	530,020	412,484	1,289,933
Total fund balance	807,706	535,027	526,721	640,426	510,860	1,419,443
Total liabilities, deferred inflows and fund balance	$ 924,052	$ 653,162	$ 615,013	$ 725,985	$ 593,164	$ 1,515,850

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet (continued)
June 30, 2017

	STRIVE Prep - Ruby Hill Campus	STRIVE Prep - SMART Campus	STRIVE Prep - Westwood Campus	STRIVE Prep - Kepner Campus	STRIVE Prep - Rise Campus	Central Office	Eliminations	Total
	$ 324,560	$ 796,674	$ 993,401	$ 31,652	$ 114,418	$ 93,905	$ -	$ 7,284,814
	-	-	-	-	-	627,807	-	627,807
	1,739	10,713	1,760	57,592	25,921	16,787	-	160,091
	11,782	13,138	3,619	3,529	8,105	2,840	-	70,941
	10,108	108	10,108	108	1,483	218,263	-	263,693
	-	-	-	-	-	-	-	-
	$ 348,189	$ 820,633	$ 1,008,888	$ 92,881	$ 149,927	$ 959,602	$ -	$ 8,407,346
	$ 53,021	$ 105,277	$ 70,309	$ 20,236	$ 47,506	$ 278,234	$ -	$ 1,023,235
	42,917	51,879	23,665	739	8,882	227,802	-	494,275
	-	-	-	-	-	104,250	-	104,250
	95,938	157,156	93,974	20,975	56,388	610,286	-	1,621,760
	-	-	-	-	-	577,211	-	577,211
	11,782	13,138	3,619	3,529	8,105	2,840	-	70,941
	10,108	108	10,108	108	1,483	218,263	-	263,693
	108,056	148,001	105,958	35,491	42,755	66,828	-	1,125,443
	122,305	502,230	795,229	32,778	41,196	(515,826)	-	4,748,298
	252,251	663,477	914,914	71,906	93,539	(227,895)	-	6,208,375
	$ 348,189	$ 820,633	$ 1,008,888	$ 92,881	$ 149,927	$ 959,602	$ -	$ 8,407,346

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2017

	STRIVE Prep - Green Valley Ranch Campus	STRIVE Prep - Montbello Campus	STRIVE Prep - Excel Campus	STRIVE Prep - Lake Campus	STRIVE Prep - Sunnyside Campus	STRIVE Prep - Federal Campus
Revenues						
Local sources	$ 3,295,845	$ 3,303,927	$ 3,671,522	$ 3,400,488	$ 2,998,167	$ 3,343,962
State sources	123,923	127,527	113,857	133,186	119,963	147,466
Federal sources	152,368	162,678	252,677	248,548	214,381	192,527
Total revenues	3,572,136	3,594,132	4,038,056	3,782,222	3,332,511	3,683,955
Expenditures						
Current						
Instruction	1,780,238	1,866,393	2,234,445	2,016,278	1,826,405	1,955,120
Supporting services	1,758,260	1,690,994	1,736,073	1,735,349	1,470,644	1,692,851
Total expenditures	3,538,498	3,557,387	3,970,518	3,751,627	3,297,049	3,647,971
Excess of Revenues over Expenses	33,638	36,745	67,538	30,595	35,462	35,984
Net Change in Fund Balance	33,638	36,745	67,538	30,595	35,462	35,984
Fund Balance, Beginning	774,068	498,282	459,183	609,831	475,398	1,383,459
Fund Balance, Ending	$ 807,706	$ 535,027	$ 526,721	$ 640,426	$ 510,860	$ 1,419,443

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)

Year Ended June 30, 2016

STRIVE Prep - Ruby Hill Campus	STRIVE Prep - SMART Campus	STRIVE Prep - Westwood Campus	STRIVE Prep - Kepner Campus	STRIVE Prep - RISE Campus	Central Office	Eliminations	Total
$ 3,453,727	$ 4,711,362	$ 3,357,213	$ 1,168,907	$ 1,407,739	$ 6,331,846	$ (3,978,705)	$ 36,466,000
165,921	249,779	199,499	17,111	21,291	-	-	1,419,523
171,049	226,470	196,674	324,966	360,856	214,651	-	2,717,845
3,790,697	5,187,611	3,753,386	1,510,984	1,789,886	6,546,497	(3,978,705)	40,603,368
2,139,693	2,651,146	1,845,680	678,624	799,329	1,543	-	19,794,894
1,591,751	2,494,206	1,871,857	760,676	900,016	6,504,411	(3,978,705)	20,228,383
3,731,444	5,145,352	3,717,537	1,439,300	1,699,345	6,505,954	(3,978,705)	40,023,277
59,253	42,259	35,849	71,684	90,541	40,543	-	580,091
59,253	42,259	35,849	71,684	90,541	40,543	-	580,091
192,998	621,218	879,065	222	2,998	(268,438)	-	5,628,284
$ 252,251	$ 663,477	$ 914,914	$ 71,906	$ 93,539	$ (227,895)	$ -	$ 6,208,375

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Green Valley Ranch Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,827,967	$ 2,778,451	$ 2,778,451	$ -
District mill levy	305,750	481,753	481,753	-
Supporting services	-	5,000	5,000	-
Investment income	-	5,588	5,786	198
Miscellaneous	-	11,282	24,855	13,573
Total local sources	3,133,717	3,282,074	3,295,845	13,771
State sources				
Capital construction	44,461	50,029	50,255	226
Grants	67,579	73,668	73,668	-
Total state sources	112,040	123,697	123,923	226
Federal sources				
Grants	145,657	145,385	152,368	6,983
Total revenues	3,391,414	3,551,156	3,572,136	20,980
Expenditures				
Salaries	1,678,375	1,696,157	1,688,264	7,893
Employee benefits	417,863	409,149	403,450	5,699
Purchased services	110,926	41,216	46,028	(4,812)
Supplies and materials	1,139,465	1,279,098	1,306,562	(27,464)
Property	22,156	89,379	94,096	(4,717)
Other	-	-	98	(98)
Contingency	-	50,000	-	50,000
Total expenditures	3,368,785	3,564,999	3,538,498	26,501
Net Change in Fund Balance	$ 22,629	$ (13,843)	33,638	$ 47,481
Fund Balance, Beginning			774,068	
Fund Balance, Ending			$ 807,706	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Montbello Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,721,457	$ 2,643,676	$ 2,643,676	$ -
District mill levy	286,795	473,108	473,108	-
Supporting services	-	141,250	141,250	-
Investment income	-	3,996	4,144	148
Miscellaneous	-	21,776	41,749	19,973
Total local sources	3,008,252	3,283,806	3,303,927	20,121
State sources				
Capital construction	33,004	43,115	46,646	3,531
Grants	76,286	80,881	80,881	-
Total state sources	109,290	123,996	127,527	3,531
Federal sources				
Grants	158,321	161,607	162,678	1,071
Total revenues	3,275,863	3,569,409	3,594,132	24,723
Expenditures				
Salaries	1,793,349	1,888,115	1,892,284	(4,169)
Employee benefits	456,820	455,562	455,097	465
Purchased services	39,316	110,929	93,723	17,206
Supplies and materials	980,099	998,004	1,045,197	(47,193)
Property	10,056	83,743	70,824	12,919
Other	-	262	262	-
Contingency	-	50,000	-	50,000
Total expenditures	3,279,640	3,586,615	3,557,387	29,228
Net Change in Fund Balance	$ (3,777)	$ (17,206)	36,745	$ 53,951
Fund Balance, Beginning			498,282	
Fund Balance, Ending			$ 535,027	

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Budgetary Comparison Schedule

Excel Campus

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,197,486	$ 2,617,230	$ 2,617,230	$ -
District mill levy	373,385	621,827	621,827	-
Supporting services	-	382,128	385,497	3,369
Investment income	-	1,817	1,824	7
Miscellaneous	-	27,902	45,144	17,242
Total local sources	3,570,871	3,650,904	3,671,522	20,618
State sources				
Capital construction	38,884	48,823	52,174	3,351
Grants	59,106	61,683	61,683	-
Total state sources	97,990	110,506	113,857	3,351
Federal sources				
Grants	280,500	264,648	252,677	(11,971)
Total revenues	3,949,361	4,026,058	4,038,056	11,998
Expenditures				
Salaries	2,332,119	2,341,548	2,329,400	12,148
Employee benefits	577,467	539,603	540,306	(703)
Purchased services	44,826	81,915	94,890	(12,975)
Supplies and materials	990,907	963,033	946,298	16,735
Property	23,996	76,977	57,104	19,873
Other	-	2,300	2,520	(220)
Contingency	-	50,000	-	50,000
Total expenditures	3,969,315	4,055,376	3,970,518	84,858
Net Change in Fund Balance	$ (19,954)	$ (29,318)	67,538	$ 96,856
Fund Balance, Beginning			459,183	
Fund Balance, Ending			$ 526,721	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Lake Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,848,503	$ 2,765,961	$ 2,765,961	$ -
District mill levy	296,685	502,766	502,766	-
Grants and contributions	-	97,176	97,359	183
Investment income	-	5,061	4,910	(151)
Miscellaneous	-	13,950	29,492	15,542
Total local sources	3,145,188	3,384,914	3,400,488	15,574
State sources				
Capital construction	34,142	44,226	48,035	3,809
Grants	75,345	85,151	85,151	-
Total state sources	109,487	129,377	133,186	3,809
Federal sources				
Grants	215,654	252,960	248,548	(4,412)
Total revenues	3,470,329	3,767,251	3,782,222	14,971
Expenditures				
Salaries	2,011,001	2,108,759	2,103,565	5,194
Employee benefits	502,785	488,575	496,534	(7,959)
Purchased services	45,546	65,280	71,085	(5,805)
Supplies and materials	872,555	1,022,303	1,020,353	1,950
Property	30,106	66,872	60,090	6,782
Other	-	-	-	-
Contingency	-	50,000	-	50,000
Total expenditures	3,461,993	3,801,789	3,751,627	50,162
Net Change in Fund Balance	$ 8,336	$ (34,538)	30,595	$ 65,133
Fund Balance, Beginning			609,831	
Fund Balance, Ending			$ 640,426	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Sunnyside Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,347,409	$ 2,417,382	$ 2,417,382	$ -
District mill levy	246,413	436,188	436,188	-
Supporting services	199,396	97,651	97,651	-
Investment income	-	4,076	4,121	45
Miscellaneous	-	24,645	42,825	18,180
Total local sources	2,793,218	2,979,942	2,998,167	18,225
State sources				
Capital construction	28,357	47,285	48,432	1,147
Grants	70,863	67,464	71,531	4,067
Total state sources	99,220	114,749	119,963	5,214
Federal sources				
Grants	206,888	215,242	214,381	(861)
Total revenues	3,099,326	3,309,933	3,332,511	22,578
Expenditures				
Salaries	1,703,722	1,776,211	1,771,949	4,262
Employee benefits	429,210	404,131	402,527	1,604
Purchased services	36,956	58,015	52,233	5,782
Supplies and materials	892,181	1,009,227	1,002,494	6,733
Property	28,756	61,239	67,447	(6,208)
Other	-	-	399	(399)
Contingency	-	50,000	-	50,000
Total expenditures	3,090,825	3,358,823	3,297,049	61,774
Net Change in Fund Balance	$ 8,501	$ (48,890)	35,462	$ 84,352
Fund Balance, Beginning			475,398	
Fund Balance, Ending			$ 510,860	

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Budgetary Comparison Schedule

Federal Campus

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,898,102	$ 2,783,716	$ 2,783,716	$ -
District mill levy	303,278	493,630	493,630	-
Supporting services	-	27,750	27,750	-
Investment income	-	9,007	8,690	(317)
Miscellaneous	-	17,968	30,176	12,208
Total local sources	3,201,380	3,332,071	3,343,962	11,891
State sources				
Capital construction	34,901	42,797	44,349	1,552
Grants	104,607	103,117	103,117	-
Total state sources	139,508	145,914	147,466	1,552
Federal sources				
Grants	195,311	187,965	192,527	4,562
Total revenues	3,536,199	3,665,950	3,683,955	18,005
Expenditures				
Salaries	1,862,716	2,006,015	2,018,987	(12,972)
Employee benefits	471,621	466,426	461,296	5,130
Purchased services	158,666	59,454	67,170	(7,716)
Supplies and materials	1,006,470	1,028,025	1,027,436	589
Property	32,356	72,129	73,074	(945)
Other	-	-	8	(8)
Contingency	-	50,000	-	50,000
Total expenditures	3,531,829	3,682,049	3,647,971	34,078
Net Change in Fund Balance	$ 4,370	$ (16,099)	35,984	$ 52,083
Fund Balance, Beginning			1,383,459	
Fund Balance, Ending			$ 1,419,443	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Ruby Hill Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,635,670	$ 2,598,308	$ 2,598,308	$ -
District mill levy	423,789	718,033	718,033	-
Supporting services	269,396	108,236	111,846	3,610
Investment income	-	1,636	1,643	7
Miscellaneous	-	12,598	23,897	11,299
Total local sources	3,328,855	3,438,811	3,453,727	14,916
State sources				
Capital construction	31,980	46,704	47,119	415
Grants	23,921	118,802	118,802	-
Total state sources	55,901	165,506	165,921	415
Federal sources				
Grants	171,857	171,049	171,049	-
Total revenues	3,556,613	3,775,366	3,790,697	15,331
Expenditures				
Salaries	2,035,107	2,091,835	2,110,150	(18,315)
Employee benefits	510,173	477,557	480,729	(3,172)
Purchased services	28,086	54,384	46,050	8,334
Supplies and materials	854,838	1,124,050	1,081,321	42,729
Property	95,946	11,832	13,033	(1,201)
Other	-	62	161	(99)
Contingency	-	50,000	-	50,000
Total expenditures	3,524,150	3,809,720	3,731,444	78,276
Net Change in Fund Balance	$ 32,463	$ (34,354)	59,253	$ 93,607
Fund Balance, Beginning			192,998	
Fund Balance, Ending			$ 252,251	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
SMART Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,904,313	$ 3,733,840	$ 3,733,840	$ -
District mill levy	456,258	891,422	891,422	-
Supporting services	-	1,871	1,921	50
Investment income	-	6,606	6,268	(338)
Miscellaneous	-	61,725	77,911	16,186
Total local sources	4,360,571	4,695,464	4,711,362	15,898
State sources				
Capital construction	47,515	66,837	65,388	(1,449)
Grants	61,751	177,085	184,391	7,306
Total state sources	109,266	243,922	249,779	5,857
Federal sources				
Grants	224,007	226,470	226,470	-
Total revenues	4,693,844	5,165,856	5,187,611	21,755
Expenditures				
Salaries	2,735,185	2,647,462	2,628,048	19,414
Employee benefits	686,455	605,593	600,009	5,584
Purchased services	49,116	113,800	124,130	(10,330)
Supplies and materials	1,251,013	1,696,265	1,716,055	(19,790)
Property	10,556	93,228	76,798	16,430
Other	-	312	312	-
Contingency	-	50,000	-	50,000
Total expenditures	4,732,325	5,206,660	5,145,352	61,308
Net Change in Fund Balance	$ (38,481)	$ (40,804)	42,259	$ 83,063
Fund Balance, Beginning			621,218	
Fund Balance, Ending			$ 663,477	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Westwood Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 2,908,834	$ 2,800,971	$ 2,800,971	$ -
District mill levy	303,278	506,100	506,100	-
Supporting services	-	9,675	9,675	-
Investment income	-	8,277	8,154	(123)
Miscellaneous	-	15,556	32,313	16,757
Total local sources	3,212,112	3,340,579	3,357,213	16,634
State sources				
Capital construction	34,901	47,029	50,106	3,077
Grants	106,083	149,393	149,393	-
Total state sources	140,984	196,422	199,499	3,077
Federal sources				
Grants	200,080	199,138	196,674	(2,464)
Total revenues	3,553,176	3,736,139	3,753,386	17,247
Expenditures				
Salaries	1,767,095	1,759,704	1,758,760	944
Employee benefits	432,123	420,617	414,739	5,878
Purchased services	136,956	77,799	80,714	(2,915)
Supplies and materials	1,146,011	1,369,677	1,401,369	(31,692)
Property	30,756	78,486	61,955	16,531
Other	-	-	-	-
Contingency	-	50,000	-	50,000
Total expenditures	3,512,941	3,756,283	3,717,537	38,746
Net Change in Fund Balance	$ 40,235	$ (20,144)	35,849	$ 55,993
Fund Balance, Beginning			879,065	
Fund Balance, Ending			$ 914,914	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
Kepner Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 956,136	$ 894,142	$ 894,142	$ -
District mill levy	98,895	164,415	164,415	-
Supporting services	-	100,000	102,000	2,000
Investment income	-	-	-	-
Miscellaneous	-	1,048	8,350	7,302
Total local sources	1,055,031	1,159,605	1,168,907	9,302
State sources				
Capital construction	11,381	14,574	15,549	975
Grants	-	1,562	1,562	-
Total state sources	11,381	16,136	17,111	975
Federal sources				
Grants	450,902	303,164	324,966	21,802
Total revenues	1,517,314	1,478,905	1,510,984	32,079
Expenditures				
Salaries	637,000	724,865	710,091	14,774
Employee benefits	157,728	170,734	170,044	690
Purchased services	98,940	45,452	43,531	1,921
Supplies and materials	422,409	423,124	442,305	(19,181)
Property	158,910	72,970	73,327	(357)
Other	-	-	2	(2)
Contingency	-	50,000	-	50,000
Total expenditures	1,474,987	1,487,145	1,439,300	47,845
Net Change in Fund Balance	$ 42,327	$ (8,240)	71,684	$ 79,924
Fund Balance, Beginning			222	
Fund Balance, Ending			$ 71,906	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
RISE Campus
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 1,126,612	$ 1,106,263	$ 1,106,263	$ -
District mill levy	132,051	262,504	262,504	-
Supporting services	-	30,500	30,500	-
Investment income	-	-	-	-
Miscellaneous	-	3,255	8,472	5,217
Total local sources	1,258,663	1,402,522	1,407,739	5,217
State sources				
Capital construction	13,752	19,558	19,714	156
Grants	-	1,578	1,578	-
Total state sources	13,752	21,136	21,292	156
Federal sources				
Grants	437,264	383,178	360,854	(22,324)
Total revenues	1,709,679	1,806,836	1,789,885	(16,951)
Expenditures				
Salaries	694,103	830,292	821,615	8,677
Employee benefits	171,385	173,266	173,501	(235)
Purchased services	160,940	39,238	41,066	(1,828)
Supplies and materials	474,112	612,558	545,797	66,761
Property	151,860	108,417	117,270	(8,853)
Other	-	95	95	-
Contingency	-	50,000	-	50,000
Total expenditures	1,652,400	1,813,866	1,699,344	114,522
Net Change in Fund Balance	$ 57,279	$ (7,030)	90,541	$ 97,571
Fund Balance, Beginning			2,998	
Fund Balance, Ending			$ 93,539	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Cluster Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Education				
Direct Award:				
Charter Schools Program	84.282	N/A	$ -	$ 876,200
Total U.S. Department of Education			-	876,200
Total Federal Financial Assistance			$ -	$ 876,200

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

Note 1: Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of STRIVE Preparatory Schools (STRIVE Prep) under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of STRIVE Prep, it is not intended to and does not present the financial position, changes in net assets or cash flows of STRIVE Prep.

2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. STRIVE Prep has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

BKD LLP
CPAs & Advisors

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
STRIVE Preparatory Schools
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of STRIVE Preparatory Schools (STRIVE Prep), a component unit of Denver Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

Management of STRIVE Prep is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered STRIVE Prep's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of STRIVE Prep's internal control. Accordingly, we do not express an opinion on the effectiveness of STRIVE Prep's internal control.

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

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

Board of Trustees
STRIVE Preparatory Schools

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Denver, Colorado
October 30, 2017

BKD LLP
CPAs & Advisors

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Trustees
STRIVE Preparatory Schools
Denver, Colorado

Report on Compliance for Each Major Federal Program

We have audited STRIVE Preparatory School's (STRIVE Prep) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on STRIVE Prep's major federal program for the year ended June 30, 2017. STRIVE Prep's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of STRIVE Prep's compliance.

Board of Trustees
STRIVE Preparatory Schools

Opinion on the Major Federal Program

In our opinion, STRIVE Prep complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

BKD, LLP

Denver, Colorado
October 30, 2017

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was (were):

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported

   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported

   Material weakness(es)? ☐ Yes ☒ No

5. The opinion(s) expressed in the independent auditor's report on compliance for major federal awards was (were):

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 cfr 200.516(a)? ☐ Yes ☒ No

7. Identifications of major programs:

Name of Federal Program or Cluster	CFDA Number
Charter Schools Program	84.282

8. The threshold used to distinguish between Type A and Type B programs was $750,000.

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

STRIVE Preparatory Schools

(A Component Unit of Denver Public Schools)

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2017

Section II – Financial Statement Findings

Reference Number	Findings
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Findings	Questioned Costs
	No matters are reportable.	

STRIVE Preparatory Schools
(A Component Unit of Denver Public Schools)
Status of Prior Audit Findings
Year Ended June 30, 2017

Reference Number	Summary of Finding	Status

No matters are reportable.