

**COMMUNITY LEADERSHIP ACADEMY, INC.
COMMERCE CITY, COLORADO**

**FINANCIAL STATEMENTS
WITH THE INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

COMMUNITY LEADERSHIP ACADEMY, INC.

TABLE OF CONTENTS

June 30, 2025

FINANCIAL SECTION

Independent Auditor’s Report	1
Management’s Discussion and Analysis	i
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Position.....	3
Statement of Activities	4
<i>Governmental Funds Financial Statements</i>	
Balance Sheet	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
<i>Notes to the Financial Statements</i>	9
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	32
Budgetary Comparison Schedule – Building Corporation Fund.....	33
Budgetary Comparison Schedule – Building Corporation II Fund	34
Schedule of Proportionate Share of the Net Pension Liability and Contributions	35
Schedule of Proportionate Share of the Net OPEB Liability and Contributions.....	37
Notes to the Required Supplementary Information	39

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Community Leadership Academy, Inc. (the School) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

DMC Auditing and Consulting, LLC

September 22, 2025
Bailey, Colorado

COMMUNITY LEADERSHIP ACADEMY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Community Leadership Academy, Inc., (also referred to as the "Academy") we offer readers of the audited financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2025. Community Leadership Academy, Inc. provides instructional programs at two locations, the elementary grades Pre-K through 5th are served at the Community Leadership Academy on Holly Street and the secondary grades 6 through 12 are served at the Victory Preparatory Academy on Quebec Street. The activities of both schools are included in the financial statements and were included in the audit of Community Leadership Academy, Inc.

FINANCIAL HIGHLIGHTS

In 2018 the Academy implemented GASB 75 which requires reporting of the Academy's share of Post-employment Healthcare Benefits administered by the Public Employees' Retirement Association of Colorado (PERA). Under GASB 75, the Academy's proportionate share of the net OPEB liability of the Health Care Trust Fund (HTCF) is recorded as a liability of the Academy. At June 30, 2025, the net OPEB liability was \$118,328 compared to \$245,588 the prior year.

Under GASB 68, which was implemented in 2015, the Academy's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association (PERA), is recorded as a liability of the Academy. At June 30, 2025 the net pension liability was \$9,251,246 compared to \$10,170,961 the prior year.

Deferred outflows of resources increased to \$2,140,486 compared to \$3,243,820 the prior year. Deferred inflows of resources decreased to \$976,546 compared to \$663,496 the prior year.

The net effect of these changes related to pension and OPEB resulted in a negative change in net position in the amount of \$369,409.

The Building Corporations were formed for the specific purpose of holding title to real and/or personal property for the Academy, to make the same available for use by the schools. Building Corporation I holds title to property at the Holly Street location for the benefit of the elementary school, Community Leadership Academy, serving grades Pre-K through 5th. Building Corporation II holds title to property at the Quebec Street location for the benefit of the secondary school, Victory Preparatory Academy, serving grades 6th through 12th.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements:

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

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

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

The government-wide statement of activities distinguishes functions/programs of the Academy supported primarily by per pupil revenue (PPR) passed through from the Colorado Charter School Institute (CSI). The governmental activities of the Academy include instruction, supporting services, food service, and debt service. The government-wide financial statements can be found on pages 3-4 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Academy are governmental funds including general and special revenue funds. The fund financial statements can be found on pages 5 and 7 of this report.

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

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

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 9 through 31.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources by \$2,864,752 as of the close of the 2024-25 fiscal year compared to \$3,131,055 the prior year. The negative balance is primarily due to the adoption of GASB Statement No. 68 in 2015 and No. 75 in 2018 whereby the Academy reports its proportionate share of the state retirement system plan and post-employment healthcare benefits as liabilities on its financial statement. The net pension liability at the end of the current fiscal year is \$9,251,246 compared to \$10,170,961 for 2024. The net OPEB liability at the end of the current fiscal year is \$118,328 compared to \$245,588 for 2024.

Statement of Net Position Governmental Activities

	30-Jun-25	30-Jun-24	Net Change
Current and other assets	\$ 11,789,400	\$ 9,355,263	\$ 2,434,137
Capital assets	\$ 18,012,893	\$ 18,303,079	\$ (290,186)
TOTAL ASSETS	\$ 29,802,293	\$ 27,658,342	\$ 2,143,951
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,140,486	\$ 3,243,820	\$ (1,103,334)
Current liabilities	\$ 3,193,181	\$ 1,117,249	\$ 2,075,932
Other liabilities	\$ 30,637,804	\$ 32,252,472	\$ (1,614,668)
TOTAL LIABILITIES	\$ 33,830,985	\$ 33,369,721	\$ 461,264
DEFERRED INFLOWS OF RESOURCES	\$ 976,546	\$ 663,496	\$ 313,050
Net Position			
Net Investment in Capital Assets	\$ (3,491,993)	\$ (3,532,844)	\$ 40,851
Restricted for Preschool Program	\$ 141,431	\$ 61,880	\$ 79,551
Restricted for Debt Service	\$ 2,785,471	\$ 2,735,384	\$ 50,087
Restricted for Repairs & Replacement	\$ 212,090	\$ 195,750	\$ 16,340
Restricted for Emergencies	\$ 310,000	\$ 270,000	\$ 40,000
Unrestricted	\$ (2,821,751)	\$ (2,861,225)	\$ 39,474
TOTAL NET POSITION	\$ (2,864,752)	\$ (3,131,055)	\$ 266,303

Cash and investments make up 33.7% of the Academy's total assets of which 36.5% is restricted in the building corporations for repair and replacement of capital assets and to repay debt. Capital assets, which reflect the Academy's investment in real and personal property and equipment, currently make up 60.4% of total assets. The remaining assets, primarily grants receivable, make up 5.9% of total assets. Overall total assets increased

\$2,143,951 due to an increase in cash and investments and prepaid expenses related to the electric bus acquisition grant offset by decreases in grants receivable and the carrying value of fixed assets.

Overall total deferred outflow of resources decreased \$1,103,334 from \$3,243,820 for 2024 to \$2,140,486 for 2025. Deferred inflow of resources increased \$313,050 from \$663,496 for 2024 to \$976,546 for 2025.

Current liabilities increased by \$2,075,932 primarily due to an increase in unearned revenue from the advance distribution of grant funds related to the electric bus acquisition project. Other liabilities decreased by \$1,614,668 due to the changes to pension and OPEB liabilities offset by principal paid on outstanding debt.

Community Leadership Academy, Inc.
Statement of Activities
For the Years Ended June 30, 2025 and June 30, 2024

	<u>30-Jun-25</u>	<u>30-Jun-24</u>	<u>Net Change</u>
Program Revenue:			
Charges for Services	\$ 9,685	\$ 11,221	\$ (1,536)
Grants & Contributions	\$ 2,022,998	\$ 2,147,886	\$ (124,888)
Total Program Revenue	<u>\$ 2,032,683</u>	<u>\$ 2,159,107</u>	<u>\$ (126,424)</u>
General Revenue:			
Per Pupil Operating Revenue	\$ 7,313,798	\$ 7,222,226	\$ 91,572
At-Risk Supplemental Aid	\$ 21,421	\$ 18,321	\$ 3,100
Mill Levy Equalization	\$ 1,604,154	\$ 552,492	\$ 1,051,662
Investment Income	\$ 382,097	\$ 405,684	\$ (23,587)
Other	\$ 57,636	\$ 64,163	\$ (6,527)
Total General Revenue	<u>\$ 9,379,106</u>	<u>\$ 8,262,886</u>	<u>\$ 1,116,220</u>
Total Revenue	<u>\$ 11,411,789</u>	<u>\$ 10,421,993</u>	<u>\$ 989,796</u>
Expenses:			
Current:			
Instruction	\$ 4,279,791	\$ 3,597,058	\$ 682,733
Supporting Services	\$ 4,582,865	\$ 3,853,360	\$ 729,505
Food Service	\$ 751,957	\$ 745,073	\$ 6,884
Interest on Long-term Debt	\$ 1,530,873	\$ 1,552,664	\$ (21,791)
Total Expenses	<u>\$ 11,145,486</u>	<u>\$ 9,748,155</u>	<u>\$ 1,397,331</u>
CHANGE IN NET POSITION	\$ 266,303	\$ 673,838	\$ (407,535)
NET POSTION, Beginning	<u>\$ (3,131,055)</u>	<u>\$ (3,804,893)</u>	<u>\$ 673,838</u>
NET POSTION, Ending	<u><u>\$ (2,864,752)</u></u>	<u><u>\$ (3,131,055)</u></u>	<u><u>\$ 266,303</u></u>

Total revenue increased \$989,796 primarily due to a significant increase in mill levy equalization funding as a result of a successful voter approved mill levy override election by the district in which the charter school is located offset by the net impact of minor increases and decreases in other sources of revenue. Per pupil revenue increased \$91,572 due to an increase to per pupil operating revenue from the State by \$838 offset by a

decrease in funded pupil count by 42. Mill levy equalization, which is in the sixth year of funding increased from \$552,492 for 2024 to \$1,604,154 for 2025. Investment income decreased from \$405,684 in 2024 to \$382,095 in 2025. Changes in other sources of revenue include decreases in Federal grant revenue by \$240,853 and State grant revenue by \$15,142 offset by increased funding for early childhood education by \$126,849. Other local revenue decreased by \$703.

Overall expenses increased \$1,397,331 of which \$369,409 is related to the change in pension and OPEB liabilities, inflows, outflows and related pension expenses recognized under GASB 68 and 75. Instructional expenses increased by \$682,733 while supporting services expenses increased by \$729,508 and food service costs driven by the number of meals served increased \$6,884. Interest expense decreased \$21,791. Salary and benefit costs increased \$531,376 due in part to improved salary schedules to compete with surrounding schools and districts when hiring and retaining staff. Purchased services increased \$388,548 due to the cost of instructional staff contracted through employment agencies to fill vacancies and central services costs related to insurance, technology support, copier costs, advertising, and other hiring costs.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

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

As of the end of the current fiscal year, the Academy reported fund balance in its general fund of \$5,835,314 compared to \$5,306,880 the prior year, which is an increase of \$528,434 compared to an increase of \$263,534 the prior year. The current year increase is due to the unexpected increase in mill levy equalization funding.

The Building Corporations are reported as special revenue funds combined with the general fund when reporting total governmental operations. As of the end of the current fiscal year, the fund balance for Building Corporation I is \$1,216,638 compared to \$1,195,475 at the end of the prior fiscal year, an increase of \$21,163. Building Corporation II reported a fund balance of \$2,450,449 as of the end of the current fiscal year compared to \$2,416,237 the prior year, an increase of \$34,212.

Governmental Fund revenue for FY 2023-24 was \$12,334,161 compared to \$13,320,744 for the current year, which includes revenue from the building corporations totaling \$2,045,805. Revenue from general operations increased \$1,008,599 primarily due to a significant increase in mill levy equalization revenue.

Per pupil funding increased from \$11,271 to \$12,109 and the funded pupil count decreased by 42 students producing an increase of \$91,572 in State Finance Act funding. School finance revenue makes up 64.4% of the Academy's general fund operating revenue. Preschool funding increased \$126,894 and mill levy equalization revenue increased \$1,051,662 as a result of a successful mill levy override election. Federal grants decreased \$240,853 due to ESSER grants being phased out. Other State and local funding decreased \$38,731 due in part to declining interest rates.

BUDGETARY HIGHLIGHTS

The Academy approves a budget in June based on enrollment projections for the following school year. In December, after enrollment is finalized, the budget may be amended. For 2024-25 the budget was amended to report use of reserves in the amount of \$650,000. Appropriations were increased by \$3,731,000 for the purchase of electric buses and construction of charging stations funded by State and Federal grants. Expected revenue increased \$2,446,000 which is the net impact of increased grant revenue offset by the loss of school finance act funding due to decreased enrollment. Budgeted expenditures increased \$3,741,000 resulting in a net use of reserves in the amount of \$650,000 compared to the operating surplus of \$645,000 in the adopted budget.

The majority of Academy spending in the General Fund is for salaries and benefits at 52.4% of total expenditures for 2024-25 compared to 50.7% the prior year. Facility lease fees make up 17.6% of total expenditures in 2024-25 compared to 18.8% the prior year. Other purchased services make up 19% of total expenditures compared to 16.4% the prior year. Other purchased services include transportation, maintenance, insurance, technology, accounting and legal services from various providers, and general and central services purchased from the authorizer, Colorado Charter School Institute. Supplies make up 10.3% of total expenditures for 2024-25 compared to 10.3% the prior year. Remaining expenditures are primarily for acquisition of capital assets including computers, servers, and kitchen and other operations equipment.

Total revenues in the General Fund were \$2,601,793 less than expected primarily due to \$3,727,189 of unearned State and Federal grant funds related to the electric bus and charging station project not completed by fiscal year end offset by \$1,004,154 from the unexpected increase in mill levy equalization revenue. Expenditures were \$3,780,226 under budget primarily due to the electric bus and charging station project not being completed by fiscal year end. Expenditures did not exceed appropriations and there was no use of reserves.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets: Building Corporation I owns land with a carrying value of \$820,000 and building and improvements capitalized at \$6,867,919 at June 30, 2025. Equipment totaled \$284,093. The net carrying value of Building Corporation I capital assets after subtracting accumulated depreciation is \$6,421,787.

Building Corporation II owns land with a carrying value of \$750,000 and buildings and improvements capitalized at \$11,975,345 at June 30, 2025. Equipment totaled \$306,956. The net carrying value of Building Corporation II capital assets after subtracting accumulated depreciation is \$11,239,958.

Other general capital assets include equipment totaling \$738,069 that includes current year additions totaling \$21,750. Additions include food service equipment totaling \$9,500 and network servers at a cost of \$12,250. Accumulated depreciation totals \$386,923 resulting in carrying value at June 30, 2025 of \$351,145.

Long-term debt: In February 2008, the Building Corporation issued \$8,810,000 in bonds under an agreement with the Colorado Educational and Cultural Facilities Authority (CECFA) at a net interest cost of 6.5%. The proceeds were used, in part to create a debt service reserve of \$675,714 and pay debt issuance costs of \$300,644. The remaining proceeds were used to acquire capital assets described above for the Building Corporation. The Academy makes lease payments to the Building Corporation for use of the facility, which the corporation uses to make the required principal and interest payments on the bonds. These transactions flow through the State intercept program where the State withholds a portion of the school finance act funding and transfers the funds to the designated trustee that in turn makes the principal and interest payments when due.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Enrollment is critical to generating the funding needed to meet the challenges related to debt obligations. The Academy developed a strategic growth plan to ensure that it remained financially stable as it expanded to a Pre-K through 12th grade school. The economy appeared to be recovering with consistent increases to per pupil funding in recent years until the pandemic escalated in 2020 and 2021 resulting in a 6.9% decrease in per pupil funding for 2020-21. Per pupil funding for 2021-22 increased 16.1% to restore funding lost during the pandemic. In an effort to eliminate the negative adjustment from recession years and provide a typical annual increase the State increased per pupil revenue 10.8% for 2022-23, 6.9% for 2023-24 and 7.4% for 2024-25. Management continues to monitor the changes in enrollment, per pupil funding and operating costs with the goal of a balanced budget and to ensure that the Academy meets its obligations.

Annual lease payments to Building Corporations I and II to provide the resources to pay debt obligations continue to be a challenge. The Academy has a level of enrollment that generates the revenue necessary to pay the maximum lease payments. The annual commitment totals \$669,600 for Building Corporation I and \$1,239,500 for Building Corporation II.

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. As a result of this provision the single most crucial factor in projecting revenues is estimated future inflation. There was a significant recession during 2008-09 that continued through the 2011-12 fiscal year resulting in deflation (negative growth). In an effort to balance its budget, the State rescinded funding approved for public schools. Per pupil funding declined each year for four years and then stabilized in 2012-13 with base per pupil funding remaining the same as the prior year. Since then, per pupil funding increased 2.2% in 2013-14, 4.1% in 2014-15, 2.4% in 2015-16, 3.6% in 2016-17, 2.8% in 2017-18, 5.3% for 2018-19 and 3.5% for 2019-2020. Funding for 2020-21 decreased by 6.9% and increased in 2021-22 by 16.1% bringing per pupil funding back to the pre-pandemic level at \$9,521 per student. Funding for 2022-23 increased 10.8% to further reduce the negative growth factor in the funding formula. Funding for 2023-24 increased 6.9% and 7.4% for 2024-25 compared to the expected increase of 4.3% for 2025-26. The budget for 2025-26 includes estimated per pupil funding of \$12,530 per student compared to \$12,070 for 2024-25 and \$11,271 for 2023-24. Increasing enrollment and sustaining growth in K-12 funding continue to be uncertain and a challenge for the Academy.

Early in 2020 the Coronavirus (known as Covid-19) began to spread to the United States and quickly grew to pandemic proportions. As a result, schools across the nation were ordered to close by state governors with remote instruction implemented for the fourth quarter of the 2019-2020 school year. For 2020-21 schools remained closed with virtual or remote learning being the primary method for delivering instruction. New sanitation and safety precautions were implemented prior to reopening schools for 2021-22 with all in person classroom instruction. Federal grants have helped to defray the added costs and to implement programs to recover lost learning during the pandemic. The charter school is financially strong with 74.6% of operating expenditures in reserves. Management continues to monitor the fiscal impact of enrollment and state funding and does not currently expect any insurmountable challenges.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

COMMUNITY LEADERSHIP ACADEMY, INC.

STATEMENT OF NET POSITION

June 30, 2025

	<u>PRIMARY</u> <u>GOVERNMENT</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 6,372,606
Restricted Cash and Investments	3,667,087
Accounts Receivable	85,983
Grants Receivable	242,434
Prepaid Expenditures	1,410,000
Inventories	11,290
Capital Assets, <i>Not Being Depreciated</i>	1,570,000
Capital Assets, <i>Net of Accumulated Depreciation</i>	16,442,893
TOTAL ASSETS	29,802,293
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	2,107,754
OPEB, <i>Net of Accumulated Amortization</i>	32,732
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,140,486
LIABILITIES	
Accounts Payable	59,507
Accrued Salaries and Benefits	397,492
Accrued Interest Payable	669,526
Unearned Revenue	1,830,000
Noncurrent Liabilities	
Due Within One Year	407,600
Due in More Than One Year	21,097,286
Net Pension Liability	9,251,246
Net OPEB Liability	118,328
TOTAL LIABILITIES	33,830,985
DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	507,047
OPEB, <i>Net of Accumulated Amortization</i>	469,499
TOTAL DEFERRED INFLOWS OF RESOURCES	976,546
NET POSITION	
Net Investment in Capital Assets	(3,491,993)
Restricted for:	
Debt Service	2,785,471
Preschool	141,431
Repair and Replacement	212,090
Emergencies	310,000
Unrestricted	(2,821,751)
TOTAL NET POSITION	\$ (2,864,752)

See Notes to the Financial Statements.

COMMUNITY LEADERSHIP ACADEMY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION PRIMARY GOVERNMENT
PRIMARY GOVERNMENT		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental Activities					
Instruction	\$ 4,279,791	\$ 2,260	\$ 1,068,084	\$ -	\$ (3,209,447)
Supporting Services	4,582,865	-	131,768	312,061	(4,139,036)
Food Service	751,957	7,425	511,085	-	(233,447)
Interest on Long-Term Debt	1,530,873	-	-	-	(1,530,873)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11,145,486	\$ 9,685	\$ 1,710,937	\$ 312,061	(9,112,803)
GENERAL REVENUES					
					7,313,798
Per Puil Revenue					1,604,154
Mill Levy Equalization					21,421
Additional At-Risk Funding					382,097
Investment Income					57,636
Other					<u>57,636</u>
TOTAL GENERAL REVENUES					<u>9,379,106</u>
CHANGE IN NET POSITION					266,303
NET POSITION, Beginning					<u>(3,131,055)</u>
NET POSITION, Ending					<u>\$ (2,864,752)</u>

COMMUNITY LEADERSHIP ACADEMY, INC.

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	<u>GENERAL</u>	<u>BUILDING CORPORATION</u>	<u>BUILDING CORPORATION II</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 6,372,606	\$ -	\$ -	\$ 6,372,606
Restricted Cash and Investments	-	1,216,638	2,450,449	3,667,087
Accounts Receivable	85,983	-	-	85,983
Grants Receivable	242,434	-	-	242,434
Prepaid Expenditures	1,410,000	-	-	1,410,000
Inventories	11,290	-	-	11,290
TOTAL ASSETS	\$ 8,122,313	\$ 1,216,638	\$ 2,450,449	\$ 11,789,400
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 59,507	\$ -	\$ -	\$ 59,507
Accrued Salaries and Benefits	397,492	-	-	397,492
Unearned Revenue	1,830,000	-	-	1,830,000
TOTAL LIABILITIES	2,286,999	-	-	2,286,999
FUND BALANCES				
Nonspendable Inventories	11,290	-	-	11,290
Restricted for:				
Debt Service	-	1,160,527	2,294,470	3,454,997
Preschool	141,431	-	-	141,431
Repair and Replacement	-	56,111	155,979	212,090
Emergencies	310,000	-	-	310,000
Unassigned	5,372,593	-	-	5,372,593
TOTAL FUND BALANCES	5,835,314	1,216,638	2,450,449	9,502,401
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,122,313	\$ 1,216,638	\$ 2,450,449	\$ 11,789,400

COMMUNITY LEADERSHIP ACADEMY, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	\$	9,502,401
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		18,012,893
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(669,526)
Bonds Payable		(21,477,286)
Net Pension Liability		(9,251,246)
Compensated Absences		(27,600)
Pension-Related Deferred Outflows of Resources		2,107,754
Pension-Related Deferred Inflows of Resources		(507,047)
Net OPEB Liability		(118,328)
OPEB-Related Deferred Outflows of Resources		32,732
OPEB-Related Deferred Inflows of Resources		<u>(469,499)</u>
Total Net Position of Governmental Activities	\$	<u><u>(2,864,752)</u></u>

COMMUNITY LEADERSHIP ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	<u>GENERAL</u>	<u>BUILDING CORPORATION</u>	<u>BUILDING CORPORATION II</u>	<u>TOTAL</u>
REVENUES				
Local Sources	\$ 7,626,366	\$ 711,154	\$ 1,334,651	\$ 9,672,171
State Sources	2,456,767	-	-	2,456,767
Federal Sources	1,191,806	-	-	1,191,806
TOTAL REVENUES	<u>11,274,939</u>	<u>711,154</u>	<u>1,334,651</u>	<u>13,320,744</u>
EXPENDITURES				
Current				
Instruction	4,053,307	-	-	4,053,307
Supporting Services	6,042,288	-	-	6,042,288
Food Service	740,778	-	-	740,778
Debt Service				
Principal	-	265,000	95,000	360,000
Interest	-	397,819	1,142,743	1,540,562
TOTAL EXPENDITURES	<u>10,836,373</u>	<u>662,819</u>	<u>1,237,743</u>	<u>12,736,935</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>438,566</u>	<u>48,335</u>	<u>96,908</u>	<u>583,809</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	89,868	-	-	89,868
Transfers Out	-	(27,172)	(62,696)	(89,868)
TOTAL OTHER FINANCING SOURCES (USES)	<u>89,868</u>	<u>(27,172)</u>	<u>(62,696)</u>	<u>-</u>
CHANGES IN FUND BALANCE	528,434	21,163	34,212	583,809
FUND BALANCES, Beginning	<u>5,306,880</u>	<u>1,195,475</u>	<u>2,416,237</u>	<u>8,918,592</u>
FUND BALANCES, Ending	<u>\$ 5,835,314</u>	<u>\$ 1,216,638</u>	<u>\$ 2,450,449</u>	<u>\$ 9,502,401</u>

COMMUNITY LEADERSHIP ACADEMY, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$	583,809
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as expense:		
Depreciation Expense		(311,936)
Capital Outlay		21,750
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		
		360,000
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items, including amortization expense related to loan discount.		
		(1,363)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Interest Payable		11,052
Compensated Absences		(27,600)
Net Pension Liability		919,715
Pension-Related Deferred Outflows of Resources		(1,073,564)
Pension-Related Deferred Inflows of Resources		32,867
Net OPEB Liability		127,260
OPEB-Related Deferred Outflows of Resources		(29,770)
OPEB-Related Deferred Inflows of Resources		(345,917)
		<u> </u>
Change in Net Position of Governmental Activities	\$	<u><u>266,303</u></u>

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

Government-wide and Fund Financial Statements

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

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Prepaid Expenses / Expenditures – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses.

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

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

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

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

Unearned Revenue – Unearned revenue includes grants received before eligibility requirements established by the provider have been met.

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

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

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

NOTE 2: Cash and Investments

At June 30, 2025, the School had the following cash and investments:

Cash on Hand	\$ 50
Deposits	1,024,420
Investments	9,015,223
	\$ 10,039,693
Total	\$ 10,039,693

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

Cash and Investments	\$ 6,372,606
Restricted Cash and Investments	3,667,087
	\$ 10,039,693
Total	\$ 10,039,693

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the School had bank deposits of \$808,959 collateralized with securities held by the financial institution’s agent but not in the School’s name.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 2: Cash and Investments (Continued)

Investments

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

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

Fair Value Measurements - At June 30, 2025, the School's investments in the local government investment pool are reported at the net asset value per share.

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

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

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

Local Government Investment Pools - At June 30, 2025, the School had \$5,348,136 invested in the Colorado Surplus Asset Fund Trust (CSAFE), and the Corporation and the Corporation II had \$1,216,637 and \$2,450,450, respectively, invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pools are reported at the net asset value per share, with each share valued at \$1. The Pools are rated AAAM by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

Investments of \$1,216,637 and \$2,450,450 have been restricted by the Corporation and the Corporation II, respectively, for future debt service and building repair and replacement.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 3: Interfund Transfers

During the year ended June 30, 2025, the Corporation and the Corporation II transferred excess funds of \$27,172 and \$62,696, respectively, to the General Fund.

NOTE 4: Capital Assets

Capital asset activity for the year ended June 30, 2025, is summarized below.

	Balances 6/30/2024	Additions	Deletions	Balances 6/30/2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,570,000	\$ -	\$ -	\$ 1,570,000
Capital Assets, Being Depreciated:				
Buildings and Improvements	18,843,264	-	-	18,843,264
Equipment	1,307,368	21,750	-	1,329,118
Total Capital Assets, Being Depreciated	20,150,632	21,750	-	20,172,382
Less Accumulated Depreciation:				
Buildings and Improvements	(2,563,419)	(214,455)	-	(2,777,874)
Equipment	(854,134)	(97,481)	-	(951,615)
Total Accumulated Depreciation	(3,417,553)	(311,936)	-	(3,729,489)
Total Capital Assets, Being Depreciated, Net	16,733,079	(290,186)	-	16,442,893
Capital Assets, Governmental Activities, Net	<u>\$ 18,303,079</u>	<u>\$ (290,186)</u>	<u>\$ -</u>	<u>\$ 18,012,893</u>

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

NOTE 5: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2025.

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due in One Year
Governmental Activities					
2008 Loan	\$ 6,305,000	\$ -	\$ 265,000	\$ 6,040,000	\$ 280,000
2008 Discount	(19,077)	-	(1,363)	(17,714)	-
2013 Loan	15,550,000	-	95,000	15,455,000	100,000
Compensated Absences	-	27,600	-	27,600	27,600
Total	<u>\$ 21,835,923</u>	<u>\$ 27,600</u>	<u>\$ 358,637</u>	<u>\$ 21,504,886</u>	<u>\$ 407,600</u>

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 5: Long-Term Debt (Continued)

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 380,000	\$ 1,516,706	\$ 1,896,706
2027	405,000	1,491,387	1,896,387
2028	435,000	1,464,274	1,899,274
2029	460,000	1,435,387	1,895,387
2030	490,000	1,404,281	1,894,281
2031-2035	2,980,000	6,471,255	9,451,255
2036-2040	4,120,000	5,287,221	9,407,221
2041-2045	5,815,000	3,522,509	9,337,509
2046-2049	6,410,000	997,928	7,407,928
Total	<u>\$ 21,495,000</u>	<u>\$ 23,590,948</u>	<u>\$ 45,085,948</u>

NOTE 6: Risk Management

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

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

NOTE 7: Defined Benefit Pension Plan

General Information

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Benefits Provided as of December 31, 2024 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In all case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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

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

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

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

Contributions provisions as of June 30, 2025 - The School, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2024, through June 30, 2025. The School's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The School's contributions to the SDTF for the year ended June 30, 2025, were \$868,290, equal to the required contributions at a contribution rate of 20.38%.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF.

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

The net pension liability was measured at December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2024. The School's proportion of the net pension liability was based on the School's contributions to the SDTF for the calendar year ended December 31, 2024, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2024, the School's proportion was 0.0536151877%, which was a decrease of 0.0039017421% from its proportion measured at December 31, 2023.

At June 30, 2025, the School reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the School. The amount recognized by the School as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	\$ 9,251,246
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	<u>830,908</u>
Total	<u>\$ 10,082,154</u>

For the year ended June 30, 2025, the School recognized pension expense of \$1,013,992 and a revenue of (\$87,626) for support from the State as a nonemployer contributing entity. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 523,884	\$ -
Changes of assumptions and other inputs	69,358	-
Net difference between projected and actual earnings on plan investments	174,545	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	902,540	507,047
Contributions subsequent to the measurement date	<u>437,427</u>	<u>-</u>
Total	<u>\$ 2,107,754</u>	<u>\$ 507,047</u>

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Defined Benefit Pension Plan (Continued)

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

School contributions subsequent to the measurement date of \$437,427 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2026	\$ 919,928
2027	698,084
2028	(330,246)
2029	<u>(124,486)</u>
Total	<u>\$ 1,163,280</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2023, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	
thereafter, compounded annually	1.00%
Hired after 12/31/06	Financed by the AIR

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

Mortality assumptions were developed on a benefit-weighted basis and apply generational mortality, as follows. All categories of the mortality tables are generationally projected using scale MP-2019.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, and 2) females: 105% of the rates for all ages.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Defined Benefit Pension Plan (Continued)

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

- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board of Directors at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board of Directors on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll-forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. All of the following categories for the mortality tables are generationally projected using the 2024 adjusted MP-2021 projected scale.

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

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, PERA’s Board of Directors reaffirmed the assumed rate of return at the PERA Board of Director's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied to the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 12,542,546	\$ 9,251,246	\$ 6,494,323

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 : Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended, 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 the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating benefit recipients and retirees who choose to enroll in one of the PERA health care plans. However, the subsidy is not available if benefit recipients or retirees are only enrolled in the dental and/or vision plan(s). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of recipients not covered by Medicare Part A.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the School's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The School's apportionment to the HCTF for the year ended June 30, 2025, was \$43,457, equal to the required amount.

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

At June 30, 2025, the School reported a net OPEB liability of \$164,143, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2024. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2024, relative to the contributions of all participating employers.

At December 31, 2024, the School's proportion was 0.0343274722% which was a decrease of 0.0000817452% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the School recognized OPEB expense of (\$11,495). At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 36,208
Changes of assumptions and other inputs	1,881	52,469
Net difference between projected and actual earnings on plan investments	559	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,399	29,651
Contributions subsequent to the measurement date	21,893	-
Total	\$ 32,732	\$ 118,328

School contributions subsequent to the measurement date of \$21,893 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

<u>Year Ended June 30,</u>	
2026	\$ (40,508)
2027	(22,162)
2028	(19,563)
2029	(11,930)
2030	(8,651)
2031	<u>(4,675)</u>
Total	<u>\$ (107,489)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2023, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
16% in 2024, then 6.75% in 2025, gradually decreasing to 4.5% in 2034	
MAPD PPO #2	
105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034	
Medicare Part A premiums:	
3.5% in 2024, gradually increasing to 4.5% in 2033	

The total OPEB liability for the HCTF, as of the December 31, 2024, measurement date, was adjusted to reflect the disaffiliation of Tri-County Health Department (Tri-County Health), effective December 31, 2022. The additional employer disaffiliation payment allocation to the HCTF and the Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, actuarial valuation and costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and Older	0.0%	0.0%

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2024 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,710	\$ 1,420	\$ 585	\$ 486	\$ 1,897	\$ 1,575
70	\$ 1,921	\$ 1,589	\$ 657	\$ 544	\$ 2,130	\$ 1,763
75	\$ 2,122	\$ 1,670	\$ 726	\$ 571	\$ 2,353	\$ 1,853

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,536	\$ 5,429	\$ 4,241	\$ 3,523	\$ 7,063	\$ 5,866
70	\$ 7,341	\$ 6,073	\$ 4,764	\$ 3,941	\$ 7,933	\$ 6,563
75	\$ 8,110	\$ 6,385	\$ 5,262	\$ 4,143	\$ 8,763	\$ 6,900

The 2024 Medicare Part A premium is \$506 per month. All costs are subject to the health care cost trend rates.

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend, because the first year rates are still below the maximum subsidy and reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

Measurement Year	PERACare Medicare Plans *	PERACare Medicare Plans *	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

Mortality assumptions used in the December 31, 2023, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

All categories of the mortality tables are generationally projected using scale MP-2019.

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2024 plan year. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option. The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation rate based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board of Directors at their November 20, 2020, meeting.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA’s Board of Directors on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

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

- Salary increases, including wage inflation for the SDTF were 4% - 13.40%.
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO#1	\$ 1,824	\$ 6,972
MAPD PPO #2	\$ 624	\$ 4,524
MAPD HMO (Kaiser)	\$ 2,040	\$ 7,596

The long-term expected return on plan assets is reviewed as part of regular experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All categories in the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll-forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the SDTF participate in the HCTF (Note 7).

- The pre-retirement mortality assumptions for the SDTF were based upon the PubG-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board of Director’s actuary.

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the PERA Board of Director’s meetings on November 15, 2019, and the September 20, 2024.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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

Discount rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of December 31, 2023, measurement date, the fiduciary net position, and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates (7.25%)	1% Increase in Trend Rates
Initial PERACare Medicare trend rate**	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate**	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate**	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 159,720	\$ 164,143	\$ 169,148

** For the January 1, 2025, plan year.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 201,159	\$ 164,143	\$ 132,230

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

NOTE 9: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. At June 30, 2025, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the overall financial position of the School.

Tabor Amendment

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9: Commitments and Contingencies (Continued)

The Amendment requires the School to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2025, the School's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$310,000.

Litigation

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

REQUIRED SUPPLEMENTARY INFORMATION

COMMUNITY LEADERSHIP ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 9,057,200	\$ 7,595,200	\$ 7,626,366	\$ 31,166
State Grants	1,425,100	3,026,600	2,456,767	(569,833)
Federal Grants	919,200	3,224,800	1,191,806	(2,032,994)
TOTAL REVENUES	11,401,500	13,846,600	11,274,939	(2,571,661)
EXPENDITURES				
Current				
Instruction	4,069,700	4,010,000	4,053,307	(43,307)
Supporting Services				
Students	269,300	345,100	337,152	7,948
Instructional Staff	664,700	737,000	770,522	(33,522)
General Administration	267,600	248,000	94,308	153,692
School Administration	453,800	487,800	481,850	5,950
Business Services	206,000	206,000	227,908	(21,908)
Operations and Maintenance	2,862,400	2,864,600	2,843,081	21,519
Student Transportation	389,600	4,117,700	376,342	3,741,358
Central Support	1,040,100	920,400	911,125	9,275
Total Supporting Services	6,153,500	9,926,600	6,042,288	3,884,312
Food Service	652,400	680,000	740,778	(60,778)
TOTAL EXPENDITURES	10,875,600	14,616,600	10,836,373	3,780,227
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	525,900	(770,000)	438,566	1,208,566
OTHER FINANCING SOURCES (USES)				
Transfers In	119,100	120,000	89,868	(30,132)
CHANGE IN FUND BALANCE	645,000	(650,000)	528,434	1,178,434
FUND BALANCE, Beginning	4,903,300	5,306,880	5,306,880	-
FUND BALANCE, Ending	<u>\$ 5,548,300</u>	<u>\$ 4,656,880</u>	<u>\$ 5,835,314</u>	<u>\$ 1,178,434</u>

COMMUNITY LEADERSHIP ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
BUILDING CORPORATION
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 714,600	\$ 714,600	\$ 711,154	\$ (3,446)
EXPENDITURES				
Debt Service				
Principal	280,000	280,000	265,000	15,000
Interest and Fees	389,600	389,600	397,819	(8,219)
TOTAL EXPENDITURES	669,600	669,600	662,819	6,781
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	45,000	45,000	48,335	3,335
OTHER FINANCING SOURCES (USES)				
Transfers Out	(45,000)	(35,000)	(27,172)	7,828
CHANGE IN FUND BALANCE	-	10,000	21,163	11,163
FUND BALANCE, Beginning	1,194,900	1,195,500	1,195,475	(25)
FUND BALANCE, Ending	<u>\$ 1,194,900</u>	<u>\$ 1,205,500</u>	<u>\$ 1,216,638</u>	<u>\$ 11,138</u>

COMMUNITY LEADERSHIP ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
BUILDING CORPORATION II
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 1,343,600	\$ 1,335,300	\$ 1,334,651	\$ (649)
EXPENDITURES				
Debt Service				
Principal	100,000	100,000	95,000	5,000
Interest and Fees	1,139,500	1,139,500	1,142,743	(3,243)
TOTAL EXPENDITURES	<u>1,239,500</u>	<u>1,239,500</u>	<u>1,237,743</u>	<u>1,757</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>104,100</u>	<u>95,800</u>	<u>96,908</u>	<u>1,108</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(74,100)	(85,000)	(62,696)	22,304
CHANGE IN FUND BALANCE	30,000	10,800	34,212	23,412
FUND BALANCE, Beginning	<u>2,438,100</u>	<u>2,438,100</u>	<u>2,416,237</u>	<u>(21,863)</u>
FUND BALANCE, Ending	<u>\$ 2,468,100</u>	<u>\$ 2,448,900</u>	<u>\$ 2,450,449</u>	<u>\$ 1,549</u>

COMMUNITY LEADERSHIP ACADEMY, INC.
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2025

MEASUREMENT DATE	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
School's Proportion of the Net Pension Liability	0.0536151877%	0.0575169298%	0.0427167735%	0.0476354244%
School's Proportionate Share of the Net Pension Liability	\$ 9,251,246	\$ 10,170,961	\$ 7,778,496	\$ 5,543,509
State's Proportionate Share of the Net Pension Liability Associated with the School	<u>830,908</u>	<u>223,019</u>	<u>2,266,732</u>	<u>3,745,976</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 10,082,154</u>	<u>\$ 10,393,980</u>	<u>\$ 10,045,228</u>	<u>\$ 9,289,485</u>
School's Covered Payroll	\$ 4,143,077	\$ 3,802,382	\$ 3,291,020	\$ 2,973,432
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223%	267%	236%	186%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	62%	75%
FISCAL YEAR	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	\$ 868,290	\$ 793,226	\$ 739,290	\$ 587,422
Contributions in Relation to the Statutorily Required Contribution	<u>(868,290)</u>	<u>(793,226)</u>	<u>(739,290)</u>	<u>(587,422)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 4,260,449	\$ 3,892,171	\$ 3,627,521	\$ 2,954,830
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.38%	19.88%

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
0.0614465902%	0.0606475935%	0.0580593321%	0.0661741371%	0.0671022949%	0.0640820292%
\$ 9,168,693	\$ 9,060,619	\$ 10,280,597	\$ 21,398,364	\$ 19,978,948	\$ 9,800,894
<u>-</u>	<u>3,074,863</u>	<u>3,964,906</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,168,693</u>	<u>\$ 12,135,482</u>	<u>\$ 14,245,503</u>	<u>\$ 21,398,364</u>	<u>\$ 19,978,948</u>	<u>\$ 9,800,894</u>
\$ 3,288,698	\$ 3,564,578	\$ 3,191,833	\$ 3,052,535	\$ 3,012,109	\$ 2,793,277
279%	254%	322%	701%	663%	351%
67%	65%	57%	44%	43%	59%
<u>6/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>
\$ 613,125	\$ 665,893	\$ 673,598	\$ 566,082	\$ 433,864	\$ 523,083
<u>(613,125)</u>	<u>(665,893)</u>	<u>(673,598)</u>	<u>(566,082)</u>	<u>(433,864)</u>	<u>(523,083)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,084,121	\$ 3,480,879	\$ 3,521,169	\$ 2,998,435	\$ 2,360,708	\$ 2,950,423
19.88%	19.13%	19.13%	18.88%	18.38%	17.73%

COMMUNITY LEADERSHIP ACADEMY, INC.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND**

June 30, 2025

MEASUREMENT DATE	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
School's Proportion of the Net OPEB Liability	0.0343274722%	0.0344092174%	0.0324313455%	0.0310643854%
School's Proportionate Share of the Net OPEB Liability	\$ 164,143	\$ 245,588	\$ 264,795	\$ 267,870
School's Covered Payroll	\$ 4,143,077	\$ 3,802,382	\$ 3,291,020	\$ 2,973,432
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	4%	6%	8%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60%	46%	39%	39%
FISCAL YEAR	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	\$ 43,457	\$ 39,700	\$ 37,000	\$ 30,139
Contributions in Relation to the Statutorily Required Contribution	<u>(43,457)</u>	<u>(39,700)</u>	<u>(37,000)</u>	<u>(30,139)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 4,260,449	\$ 3,892,171	\$ 3,627,521	\$ 2,954,830
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.
If information is available, information will be presented for the years it is available.

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>
0.0355632555%	0.0396435047%	0.0377388832%	0.0375998993%	0.0000000000%
\$ 337,931	\$ 445,592	\$ 513,453	\$ 488,648	\$ 1,423,672
\$ 3,288,698	\$ 3,564,578	\$ 3,191,833	\$ 3,052,535	\$ 3,012,109
10%	13%	16%	16%	47%
33%	24%	17%	18%	17%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/17</u>
\$ 31,458	\$ 35,505	\$ 35,916	\$ 30,584	\$ 24,079
<u>(31,458)</u>	<u>(35,505)</u>	<u>(35,916)</u>	<u>(30,584)</u>	<u>(24,079)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,084,121	\$ 3,480,879	\$ 3,521,169	\$ 2,998,435	\$ 2,360,708
1.02%	1.02%	1.02%	1.02%	1.02%

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

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

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

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

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

COMMUNITY LEADERSHIP ACADEMY, INC.
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

NOTE 3: Changes in Assumptions and Other Inputs

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

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

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

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