COLORADO INTERNATIONAL LANGUAGE ACADEMY

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2026

COLORADO INTERNATIONAL LANGUAGE ACADEMY
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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Colorado International Language Academy

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 Colorado International Language Academy, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the Colorado International Language Academy's basic financial statements 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 Colorado International Language Academy, as of June 30, 2026 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Colorado International Language Academy 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 the 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 Colorado International Language Academy'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 Colorado International Language Academy'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 Colorado International Language Academy'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 required supplementary information as 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hoelting & Company Inc.

Colorado Springs, Colorado
October 21, 2026

Colorado International Language Academy

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the fiscal year ending June 30, 2026

As management of Colorado International Language Academy (CILA), we offer readers of the School's basic financial statements this narrative and analysis of financial activities for the fiscal year ended June 30, 2026. This discussion provides an overview of financial position and results of operations, including significant changes from the prior fiscal year.

Financial Highlights

CILA maintained a positive government-wide net position and increased its General Fund balance during FY2026 while acquiring a new school facility. The following highlights summarize significant financial activity.

- FY2026 government-wide revenues totaled $6,396,104, compared with $5,714,157 in FY2025, an increase of $681,947, or 11.9 percent.
- The General Fund balance increased $645,424, from $3,667,412 at June 30, 2025 to $4,312,836 at June 30, 2026.
- Cash and investments increased by $1,009,953, from $3,435,335 at June 30, 2025 to $4,445,288 at June 30, 2026, an increase of approximately 29.4 percent.
- Government-wide net position increased $239,296, from $92,523 at the beginning of FY2026 to $331,819 at June 30, 2026.
- The School acquired a new facility during FY2026. The acquisition and related financing represent significant changes to its financial position and future operating requirements.
- Net capital assets increased from $544,874 at June 30, 2025 to $11,665,578 at June 30, 2026, an increase of $11,120,704.
- The June 30, 2026 capital asset balance included $11,517,856 in assets not yet being depreciated.
- Government-wide expenses totaled $6,156,808 in FY2026, compared with $4,414,515 in FY2025, an increase of $1,742,293.
- The School reported notes payable of $10,950,166 at June 30, 2026, related primarily to its facility financing.
- The School participates in Colorado PERA pension and OPEB plans. Related amounts are recognized in the government-wide financial statements.
- Management continues to monitor enrollment, staffing, facilities operations, debt service, and other funding considerations.

OVERVIEW OF FINANCIAL STATEMENTS

Management's Discussion and Analysis serves as an introduction to the School's basic financial statements and provides an analytical overview of CILA's financial activities.

The School's basic financial statements consist of three components:

1. Government-wide financial statements;
2. Fund financial statements; and
3. Notes to the basic financial statements.

This report also contains required supplementary information, including budgetary and pension information.

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the School's financial activities in a manner similar to a private-sector business.

The Statement of Net Position presents information about the School's assets, deferred outflows, liabilities, deferred inflows, and net position. The difference between these amounts is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the School's net position changed during the fiscal year. Revenues and expenses are recognized when the underlying economic event occurs, regardless of when the related cash is received or paid.

Fund Financial Statements

Fund financial statements provide more detailed information about the School's individual funds and focus primarily on near-term financial resources and fund balances.

CILA reports its General Fund and Building Corp Fund as major governmental funds. The General Fund is the School's primary operating fund.

The Building Corp Fund accounts for resources associated with facility acquisition and financing.

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the School's financial statements, except for the governmental fund financial statements, use the *economic resources measurement focus and accrual basis of accounting*. In other words, they comprehensively report all types of financial statement elements:

- *Assets—resources the School controls, from short-term assets like cash to long-term assets like land and buildings.*
- *Liabilities*—amounts the School owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.
- *Deferred outflows of resources and deferred inflows of resources*—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- *Revenues and expenses*—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing debt or selling equipment, as well as principal and interest payments on debt and spending on the construction of a building.

Types of Information Reported in the School's Financial Statements

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

	Financial Statements				
	Government-Wide	**Proprietary Fund**	**Fiduciary Fund**	**Component Unit**	**Governmental Fund**
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term				Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues and additions	All types of revenues and additions that flow into the government during the year that relate to that year, regardless of when cash is received				Only revenues that are measurable and available to finance expenditures of that year
Types of expenses, deductions, and expenditures	All types of expenses, deductions, and expenditures that flow out of the government during the year that relate to that year, regardless of when cash is paid				Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the government during the year that relate to a future year				Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

Building Corporation Reporting

The Colorado International Language Building Corporation is a legally separate blended component unit. Its activities are included in the School's governmental activities and reported in a separate governmental fund.

During FY2026, the Building Corp Fund recorded $11,942,695 in expenditures, $10,950,166 in debt proceeds, and $510,582 in transfers from the General Fund.

The facility acquisition and financing were authorized separately from the annual operating budget. The audit draft shows no original or final Building Corp Fund budget amounts, although the fund reports substantial actual activity. The budget presentation and authorization should be confirmed with the auditors before issuance.

ANALYSIS OF THE SCHOOL'S FINANCES

Net Position						
						Total
		Governmental				Percentage
		Activities				Change
		2026		2025		Change
Current and other assets		$4,575,812		$3,863,675		+18.4%
Capital assets, net		$11,665,578		$544,874		+2041.0%
Total assets		$16,241,390		$4,408,549		+268.4%
Deferred outflows of resources		$983,043		$1,038,784		-5.4%
Long-term liabilities		$15,497,875		$5,047,146		+207.1%
Other liabilities		$797,371		$196,263		+306.3%
Total liabilities		$16,295,246		$5,243,409		+210.8%
Deferred inflows of resources		$597,368		$111,401		+436.2%
Net position						
Net investment in						
capital assets		$715,412		$102,314		+599.2%
Restricted		$218,400		$203,400		+7.4%
Unrestricted		$(601,993)		$(213,191)		$(388,802) decrease
Total net position		$331,819		$92,523		+258.6%

Note: Unrestricted net position decreased by $388,802, from $(213,191) in FY2025 to $(601,993) in FY2026. A percentage change is not shown because both amounts are negative.

Governmental activities

Changes in Net Position

	Governmental Activities 2026	2025	Total Percentage Change 2026–2025
Revenues			
Program revenues:			
Charges for services	$43,762	$52,560	-16.7%
Operating grants and contributions	$732,130	$378,976	+93.2%
Capital grants and contributions	$130,468	$121,209	+7.6%
General revenues:			
State equalization / per-pupil revenue	$3,966,468	$3,754,138	+5.7%
District mill levy	$1,318,954	$1,263,879	+4.4%
Other general revenues	$204,322	$143,395	+42.5%
Total revenues	**$6,396,104**	**$5,714,157**	**+11.9%**
Expenses			
Instruction	$3,219,127	$2,339,900	+37.6%
Supporting services	$2,454,174	$2,032,466	+20.7%
Interest and fiscal charges	$483,507	$42,149	+1047.1%
Total expenses	**$6,156,808**	**$4,414,515**	**+39.5%**
Change in net position	$239,296	$1,299,642	-81.6%
Net position - beginning	$92,523	$(1,207,119)	—
Net position - ending	**$331,819**	**$92,523**	**—**

CILA's government-wide net position increased during FY2026. The School acquired a new facility and recorded substantial related capital assets and financing obligations.

Net capital assets increased by $11,120,704 during FY2026, primarily due to the acquisition of the new school facility.

Government-wide net position increased from $92,523 at the beginning of the year to $331,819 at June 30, 2026.

Government-wide results include capital assets and long-term liabilities that are not presented in the same manner in the governmental fund statements.

Government-wide revenues increased by $681,947, or 11.9 percent, from $5,714,157 in FY2025 to $6,396,104 in FY2026.

State equalization/per-pupil revenue increased from $3,754,138 to $3,966,468. District mill levy revenue increased from $1,263,879 to $1,318,954.

Operating grants and contributions increased from $378,976 to $732,130. Capital grants and contributions increased from $121,209 to $130,468.

Government-wide expenses increased from $4,414,515 to $6,156,808. The School's new facility acquisition and transition affected operating and financing costs.

Instruction expenses increased from $2,339,900 to $3,219,127; supporting services increased from $2,032,466 to $2,454,174.

Interest and fiscal charges increased from $42,149 to $483,507. Revenues exceeded expenses by $239,296 in FY2026.

Net position and GASB 68 (pensions) and GASB 75 (OPEB)

CILA participates in Colorado PERA pension and OPEB plans. The government-wide statements include related liabilities, deferred outflows and deferred inflows. Additional details appear in the notes to the financial statements.

Net Position Excluding Pension and OPEB Related Items

	Governmental Activities 2026	2025	Total Percentage Change 2026–2025
Total net position	$331,819	$92,523	+258.6%
Add net pension liability	$4,498,000	$4,524,312	-0.6%
Add net OPEB liability	$49,709	$80,274	-38.1%
Add deferred pension inflows	$539,592	$55,346	+874.9%
Add deferred OPEB inflows	$57,776	$56,055	+3.1%
Less deferred pension outflows	$(949,305)	$(1,013,177)	+6.3%
Less deferred OPEB outflows	$(33,738)	$(25,607)	-31.8%
Total net position excluding pension and OPEB items	**$4,493,853**	**$3,769,726**	**+19.2%**

The effect of pension and OPEB reporting on net position should be interpreted with reference to the audited financial statements and notes.

Governmental Funds

Governmental fund statements focus on near-term inflows, outflows and spendable resources.

At June 30, 2026, CILA reported a combined governmental fund balance of $3,830,890, consisting of:

- General Fund balance of $4,312,836; and
- Building Corp Fund deficit of $481,946.

The combined fund balance includes a positive General Fund balance and a Building Corp Fund deficit related to the facility transaction.

The General Fund continued to support school operations, while the Building Corp Fund accounted for the facility acquisition and financing.

General Fund

The General Fund is CILA's primary operating fund.

Revenues, Expenditures, and Changes in Fund Balances				
		General Fund		
		2026		2025
Revenues				
Local sources		$301,178		$194,326
State sources		$5,768,958		$5,354,401
Federal sources		$262,022		$158,034
Total revenues		$6,332,158		$5,706,761
Expenditures				
Instruction		$2,852,692		$2,328,826
Supporting services		$2,129,840		$1,734,850
Debt service		$193,620		$442,560
Total expenditures		$5,176,152		$4,506,236
Excess (deficiency) of revenues over expenditures		$1,156,006		$1,200,525
Other financing sources (uses)				
Debt proceeds / sale of capital assets		—		$10,000
Transfers		$(510,582)		—
Total other financing sources (uses)		$(510,582)		$10,000
Net change in fund balances		$645,424		$1,210,525
Fund balance - beginning		$3,667,412		$2,456,887
Fund balance - ending		$4,312,836		$3,667,412

General Fund revenues totaled $6,332,158 in FY2026.

General Fund expenditures totaled $5,176,152 in FY2026, with net transfers out of $510,582.

The General Fund ended FY2026 with a balance of $4,312,836, an increase of $645,424.

Management continues to monitor the General Fund balance as a source of operating flexibility and support for future obligations.

Building Corp Fund

The Building Corp Fund accounts for the School's facility acquisition and related financing.

The Building Corporation is a blended component unit reported within governmental activities and as a separate governmental fund.

The Building Corp Fund incurred $11,942,695 in expenditures and received $10,950,166 in debt proceeds and $510,582 in transfers from the General Fund.

The fund reported a deficit ending balance of $481,946.

The facility acquisition and financing were authorized separately from the annual operating budget. The audit draft shows no original or final Building Corp Fund budget amounts, although the fund reports substantial actual activity. The budget presentation and authorization should be confirmed with the auditors before issuance.

Capital Assets and Long-Term Financing

The School acquired a new facility during FY2026, increasing net capital assets to $11,665,578.

Capital Assets	FY2026	FY2025	Change
Capital assets, net	$11,665,578	$544,874	$11,120,704
Not being depreciated	$11,517,856	$0	$11,517,856
Depreciated and amortized assets, net	$147,722	$544,874	$(397,152)
Facility financing / notes payable	$10,950,166	$0	$10,950,166

The increase in net capital assets from FY2025 was $11,120,704.

The facility acquisition was a major investment in the School's long-term educational operations.

Long-Term Debt

Notes payable totaled $10,950,166 at June 30, 2026.

Facility financing includes Blueprint and Unitranche borrowing arrangements described in Note 5 to the financial statements.

The School will monitor scheduled principal and interest payments and associated facility operating costs.

Long-term liabilities due within one year totaled $1,398,636 and amounts due after one year totaled $9,551,530.

Budgetary Highlights

The FY2026 General Fund original budget projected revenues and expenditures of $5,859,884 each. The final budget projected revenues of $10,104,453 and expenditures of $6,140,968.

CILA's FY2026 funded pupil count was 351 students. The enrollment assumptions in the draft audit budgetary note require reconciliation to CILA's records before the statements are finalized.

The General Fund reported $6,332,158 in actual revenues and $5,176,152 in actual expenditures.

The final General Fund budget included revenues of $10,104,453 and expenditures of $6,140,968. Actual revenues of $6,332,158 were $3,772,295 below budget, primarily because federal revenues of $262,022 were below the $4,177,946 budget. Actual expenditures of $5,176,152 were $964,816 below budget. Supporting services were $1,207,723 below budget, partially offset by instruction expenditures $49,287 above budget and unbudgeted debt service of $193,620. The budgetary note should be reconciled to the budget-to-actual schedule before issuance.

General Fund Expenditure	Final Budget	Actual expenditures	Favorable (unfavorable) variance
Instruction	$2,803,405	$2,852,692	$(49,287)
Supporting services	$3,337,563	$2,129,840	$1,207,723
Facilities acquisition and construction	$0	$0	$0
Debt service	$0	$193,620	$(193,620)
Total expenditures	$6,140,968	$5,176,152	$964,816

Actual FY2026 General Fund revenues consisted of $301,178 from local sources, $5,768,958 from state sources, and $262,022 from federal sources. General Fund balance increased $645,424 during FY2026.

Enrollment and related funding remain important drivers of operating results.

Personnel and benefit costs remain significant operating expenditures.

The facility acquisition affected operating and financing activity during FY2026.

Government-wide revenue detail

FY2026 program revenue comprised charges for services of $43,762, operating grants and contributions of $732,130, and capital grants and contributions of $130,468. General revenue comprised per-pupil revenue of $3,966,468, district mill levy of $1,318,954, unrestricted grants of $10,209, investment earnings of $116,897, gain on sale of assets of $46,905, and miscellaneous revenue of $30,311.

General Fund budget-to-actual results

The final budget-to-actual revenue variance was $(3,772,295), including a $(3,915,924) federal-source variance, partially offset by favorable local-source revenue of $120,678 and state-source revenue of $22,951. Instruction expenditures exceeded the final budget by $49,287; supporting services were $1,207,723 below budget. Unbudgeted debt service of $193,620 and transfers out of $510,582 also affected the change in fund balance.

Building Corporation financial activity

The Building Corp Fund recorded $311 of supporting-service expenditures, $218,127 of interest, $203,712 of issuance costs, and $11,520,545 of facilities acquisition and construction expenditures. The fund received $10,950,167 in long-term debt proceeds and $510,582 in General Fund transfers. Its ending fund balance was $(481,946).

Pension and OPEB-adjusted net position

The School reported a net pension liability of $4,498,000 and net OPEB liability of $49,709, together with related deferred outflows and inflows. These accounting balances are included in the government-wide statement of net position and should not be treated as spendable fund resources.

Management will continue to compare actual operating results with adopted and amended budgets.

Building Corp Fund Budget

The facility acquisition and financing were authorized separately from the annual operating budget. The audit draft shows no original or final Building Corp Fund budget amounts, although the fund reports substantial actual activity. The budget presentation and authorization should be confirmed with the auditors before issuance.

Building Corp Fund — FY2026 Actual Activity

Category	Actual FY2026
Supporting services	$311
Interest	$218,127
Debt issuance costs	$203,712
Facilities acquisition and construction	$11,520,545
Total expenditures	$11,942,695
Debt proceeds	$10,950,167
Transfers from General Fund	$510,582
Ending fund balance	$(481,946)

Building Corp Fund expenditures totaled $11,942,695 in FY2026.

The Building Corp Fund ended FY2026 with a deficit balance of $481,946.

The School's new facility and associated financing will affect future operations and debt service.

Factors Expected to Affect CILA's Future Financial Position

CILA enters FY2027 with a new facility, an increased General Fund balance and ongoing debt service requirements.

Management has identified several factors that could affect the School's future financial position. First, enrollment and state per-pupil funding remain central to the School's operating revenues. Second, the new facility requires continued oversight of maintenance, utilities and operating expenses. Third, the School must plan for scheduled debt service under its facility financing arrangements. Finally, changes in PERA pension and OPEB reporting can affect government-wide financial statements.

Management will continue to emphasize prudent budgeting, careful monitoring of revenue and expenses, and financial oversight of the facility.

Conclusion

Colorado International Language Academy concluded fiscal year 2026 with a positive net position of $331,819, an increase of $239,296 from the prior year. During the fiscal year, the School made a significant investment in its long-term facilities, reporting total capital assets, net of accumulated depreciation and amortization, of $11,665,578 and outstanding notes payable of $10,950,166 as of June 30, 2026.

The acquisition and development of the new school facility represent a significant milestone in the School's continued growth and long-term sustainability. Management remains focused on maintaining fiscal responsibility, monitoring debt service obligations, managing operating expenditures, and ensuring that financial resources continue to support the School's educational mission and future operational needs.

Requests for Information

This financial report is designed to provide a general overview of the school's finances for all those with an interest in the school. Questions concerning any of the information provided in this report or requests for additional information shall be addressed to:

School Administration

Colorado International Language Academy

Colorado Springs, Colorado

BASIC FINANCIAL STATEMENTS

COLORADO INTERNATIONAL LANGUAGE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and investments	$ 4,445,288
Grant receivable	66,666
Intergovernmental receivables	46,358
Deposits	17,500
Capital assets, not being depreciated	11,517,856
Capital assets, net of accumulated depreciation/amortization	147,722
Total Assets	16,241,390
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	949,305
Deferred OPEB outflows	33,738
Total Deferred Outflows of Resources	983,043
LIABILITIES	
Accounts payable and other accrued liabilities	552,196
Accrued salaries and benefits	192,726
Accrued interest payable	52,449
Long-term liabilities:	
Due within one year	1,398,636
Due in more than one year	9,551,530
Net pension liability	4,498,000
Net OPEB liability	49,709
Total Liabilities	16,295,246
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	539,592
Deferred OPEB inflows	57,776
Total Deferred Inflows of Resources	597,368
NET POSITION	
Net investment in capital assets	715,412
Restricted for:	
Emergencies	182,000
Special Education	36,400
Unrestricted	(601,993)
Total Net Position	$ 331,819

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

COLORADO INTERNATIONAL LANGUAGE ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 3,219,127	$ 43,642	$ 376,179	$ -	$ (2,799,306)
Supporting services	2,454,174	120	355,951	130,468	(1,967,635)
Interest and other fiscal charges	483,507	-	-	-	(483,507)
Total governmental activities	$ 6,156,808	$ 43,762	$ 732,130	$ 130,468	(5,250,448)
General revenues:					
Per pupil revenue					3,966,468
District mill levy					1,318,954
Grants and contributions not restricted to specific programs					10,209
Unrestricted investment earnings					116,897
Gain on sale of assets					46,905
Miscellaneous					30,311
Total general revenues					5,489,744
Change in net position					239,296
Net position - beginning					92,523
Net position - ending					$ 331,819

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

COLORADO INTERNATIONAL LANGUAGE ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Building Corp Fund	Total
ASSETS			
Cash and investments	$ 4,224,755	$ 220,533	$ 4,445,288
Grants receivables	66,666	-	66,666
Intergovernmental receivables	46,358	-	46,358
Due from other funds	272,876	-	272,876
Deposits	17,500	-	17,500
Total Assets	$ 4,628,155	$ 220,533	$ 4,848,688
LIABILITIES			
Accounts payable and other accrued liabilities	$ 122,593	$ 429,603	$ 552,196
Accrued salaries and benefits	192,726	-	192,726
Due to other funds	-	272,876	272,876
Total Liabilities	315,319	702,479	1,017,798
FUND BALANCE			
Restricted for:			
Emergencies	182,000	-	182,000
Special Education	36,400	-	36,400
Unassigned	4,094,436	(481,946)	3,612,490
Total Fund Balance	4,312,836	(481,946)	3,830,890
Total Liabilities and Fund Balance	$ 4,628,155	$ 220,533	$ 4,848,688

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

COLORADO INTERNATIONAL LANGUAGE ACADEMY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds		$ 3,830,890
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, not being depreciated	$ 11,517,856	
Capital assets, net of accumulated depreciation/amortization	147,722	11,665,578
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Notes payable	$ (10,950,166)	
Accrued interest payable on long-term debt	(52,449)	
Net pension liability	(4,498,000)	
Pension outflows	949,305	
Pension inflows	(539,592)	
Net OPEB liability	(49,709)	
OPEB outflows	33,738	
OPEB inflows	(57,776)	(15,164,649)
Total Net Position of Governmental Activities		$ 331,819

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

COLORADO INTERNATIONAL LANGUAGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Building Corp Fund	Total
REVENUES			
Local sources	$ 301,178	$ -	$ 301,178
State sources	5,768,958	-	5,768,958
Federal sources	262,022	-	262,022
Total revenues	6,332,158	-	6,332,158
EXPENDITURES			
Instruction	2,852,692	-	2,852,692
Supporting services	2,129,840	311	2,130,151
Debt service			
Interest	9,220	218,127	227,347
Principal	184,400	-	184,400
Issuance costs	-	203,712	203,712
Facilities acquisition and construction	-	11,520,545	11,520,545
Total expenditures	5,176,152	11,942,695	17,118,847
Excess (deficiency) of revenues over expenditures	1,156,006	(11,942,695)	(10,786,689)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(510,582)	510,582	-
Proceeds from long-term debt	-	10,950,167	10,950,167
Total other financing sources (uses)	(510,582)	11,460,749	10,950,167
Net change in fund balance	645,424	(481,946)	163,478
Fund balance, beginning	3,667,412	-	3,667,412
Fund balance, ending	$ 4,312,836	$ (481,946)	$ 3,830,890

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

COLORADO INTERNATIONAL LANGUAGE ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds		$ 163,478
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation/amortization expense	$ (185,897)	
Capital Outlays	11,517,856	11,331,959
The net effect of various miscellaneous transaction involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		46,905
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal repayment	$ 184,400	
Loan issuance	(10,950,167)	(10,765,767)
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 the governmental funds.		
Accrued interest on long-term debt	$ (52,449)	
Changes in pension related items	(521,805)	
Changes in OPEB related items	36,975	(537,279)
Change in Net Position of Governmental Activities		$ 239,296

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Colorado International Language Academy (the School) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

A. REPORTING ENTITY

The School is a federal 501(c)(3) tax-exempt, state nonprofit corporation, organized in October 2019 pursuant to the Colorado Charter Schools Act to operate a charter school under the oversight of the Colorado Charter School Institute (CSI). The school receives their primary funding from CSI.

The accompanying financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units are, in substance, part of the School's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the School.

Blended component unit. Colorado International Language Building Corporation (the Building Corp) was organized for the purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property intended to be leased to the School. The Building Corp is reported as a special revenue fund and does not issue separate financial statements.

Based on the application of these criteria, the School does not include additional organizations within its reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by per pupil revenue and intergovernmental revenues.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments 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 service users 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

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 general government, except those required to be accounted for in another fund.

The *Building Corp Fund* is used to account for the financial activities of the Colorado International Language Academy Building Corporation, including facilities acquisition and construction and the accumulation of resources for the related debt service.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions, including entering into contracts giving the School the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the School.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

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

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than $15,000 are reported as capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As the School constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the School are depreciated/amortized using the straight-line method over the following estimated useful lives:

Equipment	5 - 10 years

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the School before the related revenue can be recognized because the earnings process is not complete.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Leases

Lessee: The School is a lessee for a noncancellable lease of the building. The School recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of $15,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

Colorado International Language Academy participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund 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 (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

E. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences

The School recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, Compensated Absences. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the government-wide financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

In the governmental fund financial statements, compensated absences are recognized as expenditures only when due

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. UPCOMING ACCOUNTING AND REPORTING CHANGES

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025 and is effective for fiscal years beginning after June 15, 2026. This statement defines subsequent events, modifies the subsequent events time frame, and requires the date through which subsequent events have been evaluated to be disclosed.

Management has not yet determined the effect this statement will have on the School's financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2026 is as follows:

Deposits	$ 1,298,378
Investments	3,146,910
Total	$ 4,445,288

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

Cash and investments	$ 4,445,288

Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government 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. 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School's deposits at June 30, 2026 was $1,298,378 and the bank balances were $1,361,439. Of the bank balances, $250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The School is authorized by Colorado statutes to invest in the following:

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

At June 30, 2026 the School's investment balances were as follows:

Investment Type	Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
CSAFE	$ 3,146,910	Net asset value	Less than 90 days	AAAm

Local Government Investment Pools. Colorado Surplus Asset Fund Trust (CSAFE) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating Local Government Investment Pools in the state of Colorado. Investments 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 custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the School has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and School policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the School's investment in a single issuer. The School places no limit on the amount it may invest in any one issuer. More than 20 percent of the School's investments are in CSAFE. These investments are 100.0% of the School's total investments.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Fair value of investments. The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

School investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the School's pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2026, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 272,876	$ -
Building Corp Fund	-	272,876
Total	$ 272,876	$ 272,876

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2026, is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	$ -	$ 510,582
Building Corp Fund	510,582	-
Total	$ 510,582	$ 510,582

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ -	$ 721,636	$ -	$ 721,636
Construction in progress	-	10,796,220	-	10,796,220
Total capital assets not being depreciated	-	11,517,856	-	11,517,856
Capital assets being depreciated:				
Equipment	233,161	-	-	233,161
Total capital assets being depreciated	233,161	-	-	233,161
Less accumulated depreciation for:				
Equipment	(50,439)	(35,000)	-	(85,439)
Total accumulated depreciation	(50,439)	(35,000)	-	(85,439)
Total capital assets being depreciated, net	182,722	(35,000)	-	147,722
Lease assets being amortized:				
Buildings	1,810,762	-	(1,810,762)	-
Total lease assets being amortized	1,810,762	-	(1,810,762)	-
Less accumulated amortization for:				
Buildings	(1,448,610)	(150,897)	1,599,507	-
Total accumulated amortization	(1,448,610)	(150,897)	1,599,507	-
Total lease assets being amortized, net	362,152	(150,897)	(211,255)	-
Capital assets, net of accumulated depreciation/amortization	544,874	(185,897)	(211,255)	147,722
Total governmental activities capital assets	$ 544,874	$ 11,331,959	$ (211,255)	$ 11,665,578

Depreciation/amortization expense was charged to the functions/programs of the governmental activities of the School as follows:

Governmental Activities	
Supporting services	$ 185,897

NOTE 5 – LONG-TERM LIABILITIES

Blueprint Loan

On November 4, 2025, Blueprint Colorado, issued a loan of $1,410,000. Proceeds of the loan were used to finance the construction, furnishing, and equipping of the school facility. Interest accrues at 3.00% and is payable monthly. Principal payments are due monthly through November 4, 2030.

Unitranche Advances

On November 5, 2025, Unitranche Capital Fund 3, LLC issued a line of credit with a limit of $13,214,983. Proceeds were used to acquire property and finance the construction, furnishing, and equipping of the school facility, including related project costs. Interest accrues at 6.15% and is payable annually. Principal payments are due annually on June 30 through 2031.

Annual debt service requirements to maturity for loans payable is as follows:

	Governmental Activities	
Fiscal Year Ending June 30	Principal	Interest
2027	$ 1,398,636	$ 608,114
2028	2,417,839	475,823
2029	2,418,749	328,057
2030	2,419,688	180,264
2031	2,295,254	31,484
Total	$ 10,950,166	$ 1,623,742

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

Changes in the School's long-term liabilities for the year ended June 30, 2026, are as follows:

	Beginning Balance	Debt Issued And Additions	Reductions	Ending Balance	Due Within One year
Governmental Activities					
Blueprint loan	$ -	$ 1,398,640	$ -	$ 1,398,640	$ 5,705
Unitranche advances	-	9,551,526	-	9,551,526	1,392,931
Total loans payable	-	10,950,166	-	10,950,166	1,398,636
Leases	442,560	-	(442,560)	-	-
Net Pension Liability	4,524,312	612,255	(638,567)	4,498,000	-
Net OPEB Liability	80,274	17,401	(47,966)	49,709	-
Total Governmental Activities	$ 5,047,146	$ 11,579,822	$ (1,129,093)	$ 15,497,875	$ 1,398,636

Loans are liquidated in the Building Corp Fund. All other long-term liabilities are liquidated in the General fund.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Colorado International Language Academy are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% 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 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2026: Eligible employees of, Colorado International Language Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2025 through June 30, 2026. Employer contribution requirements are summarized in the table below:

	July 1, 2025 Through June 30, 2026
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	**20.38%**

*Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Colorado International Language Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Colorado International Language Academy were $495,057 for the year ended June 30, 2026.

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

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

The net pension liability for the SCHDTF was measured as of December 31, 2025, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TPL to December 31, 2025. The Colorado International Language Academy proportion of the net pension liability was based on Colorado International Language Academy contributions to the SCHDTF for the calendar year 2025 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2026, the Colorado International Language Academy reported a liability of $4,498,000 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Colorado International Language Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Colorado International Language Academy were as follows:

Colorado International Language Academy proportionate share of the net pension liability	$ 4,498,000
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Colorado International Language Academy	422,708
Total	$ 4,920,708

At December 31, 2025, the Colorado International Language Academy proportion was 0.0288408653%, which was an increase of 0.0026204171% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, the Colorado International Language Academy recognized pension expense of $1,016,862 and revenue of $61,818 for support from the State as a nonemployer contributing entity. At June 30, 2026, the Colorado International Language Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 270,710	$ -
Changes of assumptions or other inputs	22,081	-
Net difference between projected and actual earnings on pension plan investments	-	539,592
Changes in proportion and differences between contributions recognized and proportionate share of contributions	407,313	-
Contributions subsequent to the measurement date	249,201	N/A
Total	$ 949,305	$ 539,592

$249,201 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2027	$ 502,785
2028	(82,641)
2029	(123,335)
2030	(136,297)
2031	-
Thereafter	-

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The December 31, 2024, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

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

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females:** 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (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 weighting 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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, reflecting the prior increases as required by SB 18-200 and the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at the current fixed statutory rates specified in law for each year, reflecting the prior increases as required by SB 18-200 and the 2018 and 2020 AAP assessments. Employer contributions also include current and future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual direct distribution. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP because, per statute, AIR amounts cannot be used to pay benefits until they are transferred out of the AIR to the appropriate accounts for retirement and survivor benefit payments. Estimated transfers from the AIR and the related benefit payments were included in the projections.

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

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current plan members and were not projected to reach a depletion date. 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 TPL. 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 Colorado International Language Academy proportionate share of the net pension liability to changes in the discount rate. The following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-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 pension liability	$ 6,363,396	$ 4,498,000	$ 2,935,963

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the Colorado International Language Academy are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), 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. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq*. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

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; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF. Effective July 1, 2026, HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Colorado International Language Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Colorado International Language Academy were $24,777 for the year ended June 30, 2026.

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

At June 30, 2026, the Colorado International Language Academy reported a liability of $49,709 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2025, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TOL to December 31, 2025. The Colorado International Language Academy proportion of the net OPEB liability was based on Colorado International Language Academy contributions to the HCTF for the calendar year 2025 relative to the total contributions of participating employers to the HCTF.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

At December 31, 2025, the Colorado International Language Academy proportion was 0.0184482269%, which was an increase of 0.0016603846% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, the Colorado International Language Academy recognized OPEB expense of $(12,198). At June 30, 2026, the Colorado International Language Academy 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
Difference between expected and actual experience	$ -	$ 20,113
Changes of assumptions or other inputs	546	24,129
Net difference between projected and actual earnings on OPEB plan investments	-	7,939
Changes in proportion and differences between contributions recognized and proportionate share of contributions	20,719	5,595
Contributions subsequent to the measurement date	12,473	N/A
Total	$ 33,738	$ 57,776

$12,473 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2027	$ (11,967)
2028	(11,622)
2029	(6,448)
2030	(4,583)
2031	(1,680)
Thereafter	(211)

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The December 31, 2024 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	4.00% - 13.40%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.00% in 2025, gradually decreasing to 4.50% in 2035
Medicare Part A premiums	3.50% in 2025, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

The 2025 Medicare Part A premium is $518 per month.

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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. PERACare Medicare plan rates are applied where members have no premium-free Part A.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
School Division	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages

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

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

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

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

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (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 weighting 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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	6.65%	7.65%	8.65%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$47,643	$49,709	$52,048

[1]For the January 1, 2026, plan year.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2025, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. The current employer contribution rate for the HCTF is 1.02% of salary. HB26-1400, effective July 1, 2026, reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

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

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members and were not projected to reach a depletion date. 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 TOL. The discount rate determination did 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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Sensitivity of the Colorado International Language Academy proportionate share of the net OPEB liability to changes in the discount rate. The following table 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 1-percentage-point lower (6.25%) or 1-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	$68,439	$49,709	$33,555

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 8 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Grants

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

NOTE 10 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2026 there is a $182,000 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 11 – DEFICIT FUND EQUITY

At June 30, 2026 the Building Corp Fund, a major fund, has a deficit fund balance of $481,946. The School expects this deficit to be eliminated as resources are obtained for the issuance of long-term debt.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO INTERNATIONAL LANGUAGE ACADEMY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	0.0288408653%	0.0262204482%	0.0258730721%	0.0197924761%	0.0234029637%	0.0295856702%	0.0282551729%	0.0301613923%	0.0344617749%	0.0284444399%
Employer's proportionate share of the net pension liability (asset)	$ 4,498,000	$ 4,524,312	$ 4,575,245	$ 3,604,104	$ 2,723,489	$ 4,472,757	$ 4,221,262	$ 5,340,694	$ 11,143,713	$ 8,469,010
State's proportionate share of the net pension liability (asset) associated with the Employer	422,708	406,355	100,322	1,050,272	312,213	-	678,155	730,266	-	-
Total	$ 4,920,708	$ 4,930,667	$ 4,675,567	$ 4,654,376	$ 3,035,702	$ 4,472,757	$ 4,899,417	$ 6,070,960	$ 11,143,713	$ 8,469,010
Employer's covered payroll	$ 2,337,908	$ 2,026,175	$ 1,710,444	$ 1,526,761	$ 1,462,611	$ 1,582,283	$ 1,662,367	$ 1,658,136	$ 1,589,679	$ 1,276,638
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	192.39%	223.29%	267.49%	236.06%	186.21%	282.68%	253.93%	322.09%	701.00%	663.38%
Plan fiduciary net position as a percentage of the total pension liability	71.7%	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%

* The amounts presented for each year were determined as of December 31.

See the accompanying independent auditors' report.

COLORADO INTERNATIONAL LANGUAGE ACADEMY
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 495,057	$ 451,997	$ 375,355	$ 319,503	$ 298,614	$ 290,166	$ 342,590	$ 322,825	$ 305,881	$ 292,553
Contributions in relation to the contractually required contribution	(495,057)	(451,997)	(375,355)	(319,503)	(298,614)	(290,166)	(342,590)	(322,825)	(305,881)	(292,553)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 2,429,130	$ 2,217,848	$ 1,841,780	$ 1,567,728	$ 1,502,082	$ 1,459,588	$ 1,679,364	$ 1,687,524	$ 1,620,519	$ 1,507,238
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	20.38%	19.88%	19.88%	20.40%	19.13%	18.88%	19.41%

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

See the accompanying independent auditors' report.

COLORADO INTERNATIONAL LANGUAGE ACADEMY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Plan Provisions Since 2024

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

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

NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Assumptions or Other Inputs Since 2024

There were no changes made to the actuarial methods or assumptions.

COLORADO INTERNATIONAL LANGUAGE ACADEMY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
HEALTH CARE TRUST FUND
JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net OPEB liability (asset)	0.0184482269%	0.0167878423%	0.0154784476%	0.0150433933%	0.0152803766%	0.0171235775%	0.0184652985%	0.0196050883%	0.0196000000%	0.0162000000%
Employer's proportionate share of the net OPEB liability (asset)	$ 49,709	$ 80,274	$ 110,474	$ 122,826	$ 131,763	$ 162,713	$ 207,550	$ 266,735	$ 254,722	$ 210,039
Employer's covered payroll	$ 2,337,908	$ 2,026,175	$ 1,710,444	$ 1,526,761	$ 1,462,611	$ 1,582,283	$ 1,662,367	$ 1,658,136	$ 1,589,679	$ 1,276,638
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.13%	3.96%	6.46%	8.04%	9.01%	10.28%	12.49%	16.09%	16.02%	16.45%
Plan fiduciary net position as a percentage of the total OPEB liability	76.1%	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

* The amounts presented for each year were determined as of December 31.

See the accompanying independent auditors' report.

COLORADO INTERNATIONAL LANGUAGE ACADEMY
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS
HEALTH CARE TRUST FUND
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 24,777	$ 22,622	$ 18,787	$ 15,991	$ 15,322	$ 14,888	$ 17,131	$ 17,213	$ 16,529	$ 15,374
Contributions in relation to the contractually required contribution	(24,777)	(22,622)	(18,787)	(15,991)	(15,322)	(14,888)	(17,131)	(17,213)	(16,529)	(15,374)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 2,429,130	$ 2,217,848	$ 1,841,780	$ 1,567,728	$ 1,502,082	$ 1,459,588	$ 1,679,364	$ 1,687,524	$ 1,620,519	$ 1,507,238
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditors' report.

COLORADO INTERNATIONAL LANGUAGE ACADEMY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
HEALTH CARE TRUST FUND
JUNE 30, 2026

NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Plan Provisions Since 2024

There were no changes made to plan provisions.

NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Assumptions or Other Inputs Since 2024

There were no significant changes made to the actuarial methods or assumptions.

COLORADO INTERNATIONAL LANGUAGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with	Actual	Variance with
	Original	Final	Original Budget	Amounts	Final Budget
REVENUES					
Local sources	$ 175,500	$ 180,500	$ 5,000	$ 301,178	$ 120,678
State sources	5,572,645	5,746,007	173,362	5,768,958	22,951
Federal sources	111,739	4,177,946	4,066,207	262,022	(3,915,924)
Total revenues	5,859,884	10,104,453	4,244,569	6,332,158	(3,772,295)
EXPENDITURES					
Instruction	2,956,061	2,803,405	152,656	2,852,692	(49,287)
Supporting services	2,903,823	3,337,563	(433,740)	2,129,840	1,207,723
Debt service	-	-	-	193,620	(193,620)
Total expenditures	5,859,884	6,140,968	(281,084)	5,176,152	964,816
Excess (deficiency) of revenues over expenditures	-	3,963,485	3,963,485	1,156,006	(2,807,479)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	(510,582)	(510,582)
Total other financing sources (uses)	-	-	-	(510,582)	(510,582)
Net change in fund balances	-	3,963,485	3,963,485	645,424	(3,318,061)
Fund balances - beginning	2,456,887	3,667,412	1,210,525	3,667,412	-
Fund balance - ending	$ 2,456,887	$ 7,630,897	$ 5,174,010	$ 4,312,836	$ (3,318,061)

See the accompanying Independent Auditors' Report.

COLORADO INTERNATIONAL LANGUAGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING CORP FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with	Actual	Variance with
	Original	Final	Original Budget	Amounts	Final Budget
REVENUES					
Local sources	$ -	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-	-
EXPENDITURES					
Supporting services	-	-	-	311	(311)
Debt service	-	-	-	421,839	(421,839)
Facilities acquisition and construction	-	-	-	11,520,545	(11,520,545)
Total expenditures	-	-	-	11,942,695	(11,942,695)
Excess (deficiency) of revenues over expenditures	-	-	-	(11,942,695)	(11,942,695)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	510,582	510,582
Proceeds from long-term debt	-	-		10,950,167	10,950,167
Total other financing sources (uses)	-	-	-	11,460,749	11,460,749
Net change in fund balances	-	-	-	(481,946)	(481,946)
Fund balances - beginning	-	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ (481,946)	$ (481,946)

See the accompanying Independent Auditors' Report.

COLORADO INTERNATIONAL LANGUAGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Head of School submits a proposed budget to the Board of Directors for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the School and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Directors to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Head of School. Revisions that alter the total expenditures in any fund must be approved by the Board of Directors. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Directors.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the School budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Head of School and/or Board of Directors throughout the year. All appropriations lapse at the end of each fiscal year.

A budget was not adopted for the Building Corp fund.

General Fund Budgetary Highlights

Original budget compared to final budget. The most significant differences between the original and final budget were as follows:

Revenue source	Original Budget	Final Budget	Difference
State sources	5,572,645	5,746,007	173,362
Federal sources	111,739	4,177,946	4,066,207

Expenditures	Original Budget	Final Budget	Difference
Instruction	2,956,061	2,803,405	152,656
Supporting services	2,903,823	3,337,563	(433,740)

COLORADO INTERNATIONAL LANGUAGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

The FY2026 budget was amended to reflect updated enrollment, funding allocations, the transition to an in-house food service program, increased staffing costs, and updated facility and financing costs. Funded pupil count increased from 350 students in the original budget to 351 students in the final budget. Total General Fund revenues and expenditures increased from $5,859,884 to $6,140,968.

Mill Levy Override revenue increased from $1,263,879 to $1,318,955, an increase of $55,076. The revised budget also added governmental breakfast and lunch reimbursements totaling $109,311 ($21,253 for breakfast and $88,058 for lunch). Per-pupil funding increased from $3,957,212 to $3,963,485, and transportation reimbursement increased from $31,658 to $45,688.69.

The final budget incorporated CILA's transition to an in-house food service program. Food expenses of $150,000 were added to the revised budget, along with breakfast and lunch SFA fees and food service supplies, while the previously budgeted $14,000 contracted food services line was eliminated.

Personnel expenditures were revised based on updated staffing and compensation and benefit projections. Salaries of regular employees increased from $2,528,653 to $2,612,644, and substitute teacher costs increased from $60,000 to $80,000. These increases were partially offset by decreases in projected PERA costs from $545,596 to $459,293 and health insurance costs from $217,325 to $177,845.

Supporting service and facility-related expenditures were also revised. Consultant services increased from $45,000 to $300,000, and facility rental and financing-related expenditures increased from $468,103 to $759,926, an increase of $291,823. The increase in facility and financing-related expenditures was primarily due to CILA hiring an owner's representative company to assist with the purchase and transition to the new school building. During FY2026, CILA purchased a new school building, and certain costs associated with the acquisition and transition to the new facility were covered through the School's operating budget. Legal, audit, utilities, repairs and maintenance, advertising, general supplies, and transportation supplies were also increased based on updated anticipated expenditures.

The contingency budget was reduced from $726,740 to $234,574, a decrease of $492,166, as amounts originally reserved for unforeseen expenditures were allocated to identified operating needs, including consulting, facility and financing costs, food service operations, staffing, supplies, and other expenditures.

Final budget compared to actual results. The most significant differences between the final budget and actual results were as follows:

Revenue source	Final Budget	Actual revenues	Difference
Local sources	180,500	301,178	120,678
Federal sources	4,177,946	262,022	(3,915,924)

Expenditures	Final Budget	Actual expenditures	Difference
Supporting services	3,337,563	2,129,840	1,207,723
Debt service	-	193,620	(193,620)
Transfers in (out)	-	(510,582)	(510,582)

COLORADO INTERNATIONAL LANGUAGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

Actual local source revenues exceeded the final budget by $120,678. The variance reflects higher-than-budgeted local revenues recognized during the year as CILA continued to grow and transition operations to the new school facility. Federal source revenues were $3,915,924 below the final budget, as amounts included in the final budget were not recognized as federal revenue during FY2026.

Supporting services expenditures were $1,207,723 below the final budget. The final budget had been increased significantly for anticipated consulting, facility, financing, food service, staffing, and other transition-related costs associated with CILA's purchase and move to the new school building; actual supporting service costs were lower than those revised estimates. Actual results also included $193,620 of debt service expenditures and $510,582 of transfers out that were not separately budgeted in the final budget, reflecting financing and fund activity associated with CILA's facility transition and related obligations.