# NEW LEGACY CHARTER SCHOOL

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2026

**NEW LEGACY CHARTER SCHOOL**
**TABLE OF CONTENTS**
**JUNE 30, 2026**


| | Page |
|---|---|
| Independent Auditors' Report | *ii* |
| Management's Discussion and Analysis | i*v* |
| Basic Financial Statements: | |
| Government-wide Financial Statements | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Balance Sheet—Governmental Funds | 3 |
| Reconciliation of the Balance Sheet to the Statement of Net Position | 4 |
| Statement of Revenues, Expenditures and Changes in Fund Balance—Governmental Funds | 5 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance—Governmental Funds to the Statement of Activities | 6 |
| Notes to Financial Statements | 7 |
| Required Supplementary Information: | |
| Schedule of the Employer's Proportionate Share of the Net Pension Liability—School Division Trust Fund | 36 |
| Schedule of the Employer's Payroll Contributions—School Division Trust Fund | 37 |
| Notes to the Required Supplementary Information—School Division Trust Fund | 38 |
| Schedule of the Employer's Proportionate Share of the Net OPEB Liability—Health Care Trust Fund | 39 |
| Schedule of the Employer's Payroll Contributions—Health Care Trust Fund | 40 |
| Notes to the Required Supplementary Information—Health Care Trust Fund | 41 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual—General Fund | 42 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Building Corp Fund | 43 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—QALICB Fund | 44 |
| Notes to the Required Supplementary Information—Budgetary Comparison | 45 |

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Legacy Charter School

**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 New Legacy Charter School, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise New Legacy Charter School'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 New Legacy Charter School, as of June 30, 2026 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis 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 New Legacy Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 New Legacy Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 New Legacy Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Legacy Charter School's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 9, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help the New Legacy Charter School's (NLCS or the School) stakeholders understand what the financial statements and notes in this financial report say about the health of the School and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the School's finances.

If you have questions about this report or require further information, contact the Business Office at sbartholomew@newlegacycharter.net or 303-340-7882.

### 1. OVERVIEW OF THE FINANCIAL STATEMENTS

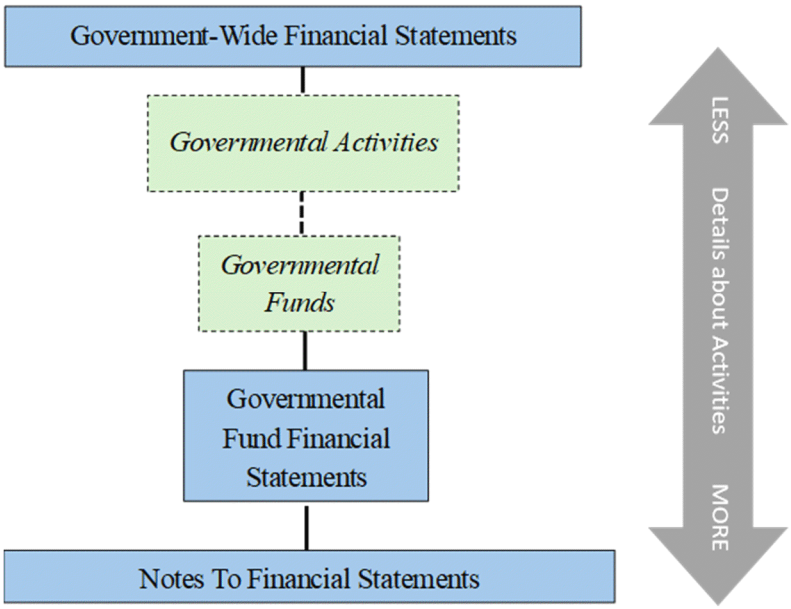
The School's financial report contains basic financial statements. Those financial statements present the School's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the School's governmental activities (see the diagram in Figure A-1.).

- Governmental activities comprise the School's primary functions, including instruction and supporting services, school or general administration, operations and maintenance, and other programs and services provided to students, staff, and the community. Governmental activities are financed primarily through per pupil revenue, grants, and other revenues received from the State of Colorado, the federal government, and other local sources, as applicable to the School.

The remaining basic financial statements present the School's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The School reports one group of funds:

- *Governmental fund financial statements* report all of the governmental activities except those that involve providing services to School departments. The School reports three governmental funds. In addition to the School's main operating fund - the General Fund - the finanical statements report two additional governmental funds for the New Legacy Charter School Building Corporation (Building Corp) and the New Legacy QALICB (QALICB). The Building Corp and QALICB were primarily organized to finance the acquisition of educational facilities and currently leases facilities only to the School.

Figure A-1. Contents of the School's Basic Financial Statements




The next section of this financial report contains *notes to financial statements*, which delve deeper into the School's finances as reported in the financial statements. The information in the notes is as important to understanding the School's finances as the information in the financial statements. The School uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

**Types of Information in the Financial Statements**

The School's government-wide financial statements use the *economic resources measurement focus and accrual basis of accounting* (see Figure A-2.).

- *Assets*—resources the School controls, from short-term assets like cash to long-term assets like buildings and equipment.
- *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.

Figure A-2. Types of Information Reported in the School's Financial Statements

| | Financial Statements | |
|---|---|---|
| | **Government-Wide** | **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 | 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 |

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

## 2. FINANCIAL SUMMARY

### Table A-1. Net Position

| | Governmental Activities | |
|---|---|---|
| | June 30, 2026 | June 30, 2025 |
| ASSETS | | |
| Current Assets | $ 2,976,579 | $ 2,772,333 |
| Loan Receivable | $ 3,823,800 | 3,823,800 |
| Capital Assets, Net | 4,598,263 | 4,700,998 |
| Total Assets | 11,398,642 | 11,297,131 |
| Deferred Outflows of Resources | 625,151 | 1,055,436 |
| LIABILITIES | | |
| Current Liabilities | 908,554 | 708,401 |
| Noncurrent Liabilities | 11,808,096 | 12,421,881 |
| Total Liabilities | 12,716,650 | 13,130,282 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Inflows of Resources | 601,720 | 138,192 |
| Net Position | | |
| Net Investment in Capital Assets | (3,249,188) | (3,222,772) |
| Restricted | 731,307 | 782,177 |
| Unrestricted | 1,223,304 | 1,524,688 |
| Total Net Position | $ (1,294,577) | $ (915,907) |

## Table A-2. Changes in Net Position

| | Governmental Activities | | Percentage |
|---|---|---|---|
| | June 30, 2026 | June 30, 2025 | Change |
| Program Revenue: | | | |
| Charges for Services | $ 1,035,481 | $ 1,160,106 | -10.7% |
| Operating Grants and Contributions | 1,825,698 | 1,495,756 | 22.1% |
| Capital Grants and Contributions | 63,830 | 37,295 | 71.1% |
| Total Program Revenue | 2,925,009 | 2,693,157 | 8.6% |
| General Revenue: | | | |
| Per Pupil Revenue | 1,188,209 | 1,226,706 | -3.1% |
| Grants and Contributions Not Restricted to Specific Programs | 768,293 | 647,919 | |
| Unrestricted Investment Earnings | 221,734 | 239,065 | -7.2% |
| Miscellaneous | 21,725 | 34,240 | -36.6% |
| Total General Revenue | 2,199,961 | 2,147,930 | 2.4% |
| Total Revenue | 5,124,970 | 4,841,087 | 5.9% |
| Expenses: | | | |
| Instruction | 2,710,141 | 2,265,248 | 19.6% |
| Supporting Services | 2,573,830 | 2,350,640 | 9.5% |
| Interest | 219,669 | 222,331 | -1.2% |
| Total Expenses | 5,503,640 | 4,838,219 | 13.8% |
| Increase/(Decrease) in Net Position | (378,670) | 2,868 | -13303.3% |
| Net Position, Beginning | (915,907) | (918,775) | -0.3% |
| Net Position, Ending | $ (1,294,577) | $ (915,907) | 41.3% |

Figure A-3. Governmental Activities - Revenues by Source

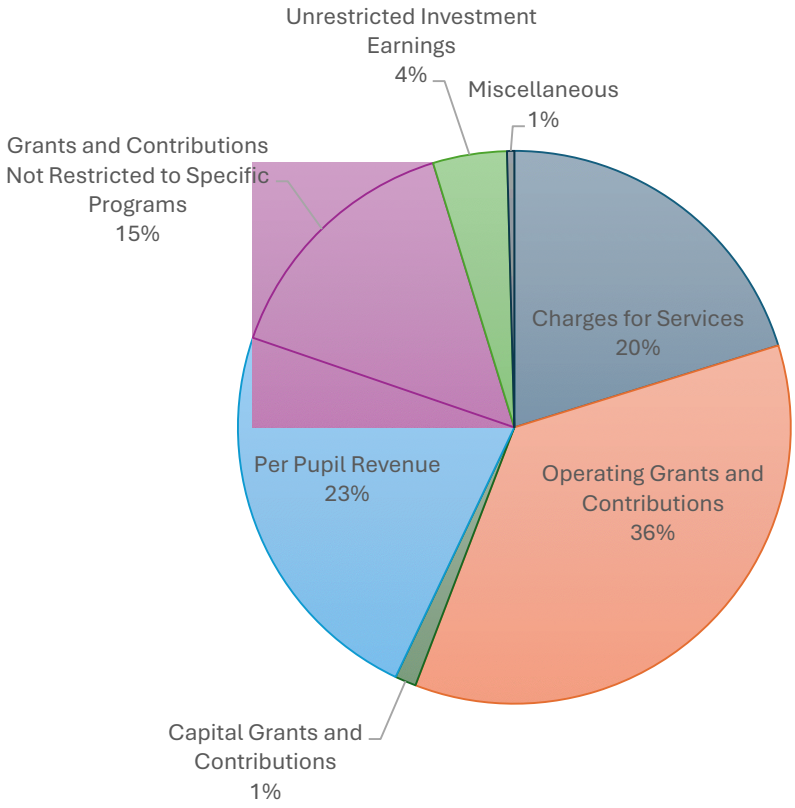
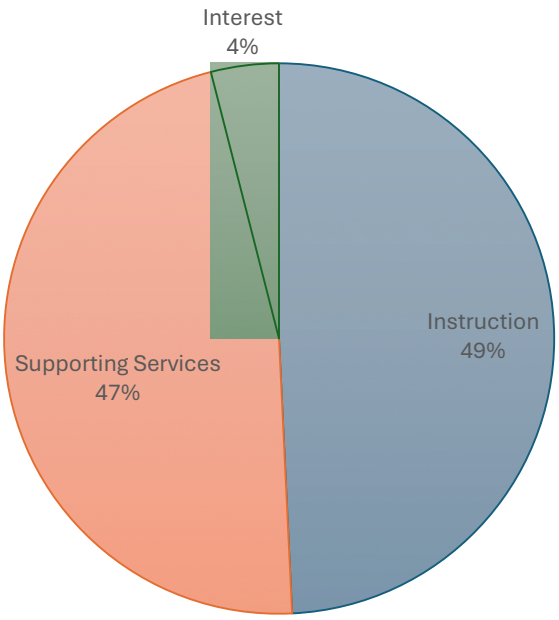



Figure A-4. Governmental Activities - Expenses by Function




## 3. DETAILED ANALYSIS

### Governmental Activities

Tables A-1. and A-2. demonstrate that the School's net position—assets and deferred outflows minus liabilities and deferred inflows—as of June 30, 2026, was $(1,294,577). Net position decreased by $378,670, or 41% compared to the prior fiscal year.

Various events contributed to this change in net position; however, the primary factors affecting the change are as follows:

***Current Assets***: During FY2026, current assets increased by 7%, or $204,246 compared to FY2025. This overall increase is largely made up of increases in unrestricted cash ($113,746) and grants receivable ($152,855), offset by smaller fluctuations in restricted cash, other receivables (revenue earned but not yet received) and prepaid expenses (expenses paid but not yet incurred).

***Capital Assets, Net***: Compared to FY2025, net capital assets decreased by $102,735 as of the end of FY2026. This is the amount by which annual depreciation, amortization, and loss on disposal of asset expenses outpaced capital outlay. In FY2026 the School's capital outlay totaled $122,626 and included land improvements, vehicles, and equipment. During the same period the School recognized $209,021 in depreciation and amortization and $16,340 in loss on disposal of two buses.

***Deferred Outflows of Resources, Deferred Inflows of Resources, and Noncurrent Liabilities***: The School is required to report a net pension liability representing the School's proportionate share of the School Division Trust Fund pension liability, administered by the PERA. The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) Statement No. 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability, representing the School's proportionate share of the defined benefit Health Care Trust Fund,

administered by PERA. The School reports this net OPEB liability, and associated deferred inflows and outflows of resources, as required by GASB Statement No. 75. These amounts change annually based on actuarial assumptions and statewide changes to the plans. In FY2026, the annual change resulted in a $356,348 decrease to net position.

***Current Liabilities***: During FY2026, current liabilities increased by 28%, or $200,153 compared to FY2025. This overall increase is largely made up of an increase in unearned revenue (revenue received but not yet earned) ($193,558), combined with smaller fluctuations in accounts payable and other accrued liabilities.

***Charges for Services***: The School collected $124,625 (11%) less in charges for services in FY2026 compared to FY2025. This category captures tuition for the early learning center, including childcare assistance from the Colorado Child Care Assistance Program (CCCAP) and Mile High Early Learning, as well as pupil activity revenue. The largest decrease is the result of a CCCAP funding freeze for new families.

***Operating Grants and Contributions***: The School recognized $329,942 more in operating grants and contributions in FY2026 compared to FY2025. The majority of this increase is made up of new federal grant funding including the Charter Schools Program (CSP) – Model Development and Dissemination ($200,347), School Facilities Assistance Program ($27,100), and Comprehensive Literacy State Development ($100,000) grants.

***Instruction***: Expenses related to instruction made up 49% of total FY2026 expenses (see Figure A-4.), and increased by $444,893, or 20% compared to FY2025. However, $167,690 of this increase is made up of changes related to pension and OPEB expenses (see above). Operational spending increases include staff cost-of-living compensation increases, higher health benefit rates, higher health benefit participation, and an increase in educational services for special education support.

***Supporting Services***: Expenses related to supporting services made up 47% of total FY2026 expenses (see Figure A-4.), and increased by $223,190, or 10% compared to FY2025. Operational spending increases include staff cost-of-living compensation increases, higher health benefit rates, higher health benefit participation, and an increase in consultant services related to the increase in federal funding.

**Governmental Funds**

The School reports three major funds individually in the governmental fund financial statements. Most of the discussion regarding governmental activities in the government-wide financial statements is equally applicable to the finances of the governmental funds. However, certain factors that are relevant to the School's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. There were changes to the governmental funds, as illustrated below.

Table A-3. Revenues, Expenditures, and Changes in Fund Balances

| | General Fund | | Building Corp | | QALICB | |
|---|---|---|---|---|---|---|
| | June 30, 2026 | June 30, 2025 | June 30, 2026 | June 30, 2025 | June 30, 2026 | June 30, 2025 |
| Revenues | | | | | | |
| Local sources | $ 1,420,065 | $ 1,436,110 | $ 430,092 | $ 439,061 | $ 197,076 | $ 193,106 |
| State sources | 2,535,694 | 2,581,463 | - | - | - | - |
| Federal sources | 527,203 | 172,662 | - | - | - | - |
| Total revenues | 4,482,962 | 4,190,235 | 430,092 | 439,061 | 197,076 | 193,106 |
| Expenditures | | | | | | |
| Instruction | 2,243,632 | 1,965,103 | - | - | - | - |
| Supporting services | 2,221,533 | 1,977,477 | 257,115 | 234,603 | 87,768 | 93,352 |
| Debt service | 5,856 | 6,344 | 145,057 | 145,057 | 145,075 | 145,075 |
| Total Expenditures | 4,471,021 | 3,948,924 | 402,172 | 379,660 | 232,843 | 238,427 |
| Excess (deficiency of revenues over expenditures) | 11,941 | 241,311 | 27,920 | 59,401 | (35,767) | (45,321) |
| Other financing sources (uses) | | | | | | |
| Insurance Recoveries | - | 13,053 | - | - | - | - |
| Total other financing sources (uses) | - | 13,053 | - | - | - | - |
| Net Change in Fund Balance | 11,941 | 254,364 | 27,920 | 59,401 | (35,767) | (45,321) |
| Fund Balance, Beginning | 1,435,477 | 1,181,113 | 512,876 | 453,475 | 123,521 | 168,842 |
| Fund Balance, Ending | $ 1,447,418 | $ 1,435,477 | $ 540,796 | $ 512,876 | $ 87,754 | $ 123,521 |

## General Fund

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective. The fund balance of the School's general fund increased by 1%. Additional detail comparing current and prior year activity follows:

***Federal sources***: In FY2026 federal revenue increased by over $350,000, or 205% compared to FY2025. The School was the recipient of several new federal grants including the Charter Schools Program (CSP) – Model Development and Dissemination ($200,347), School Facilities Assistance Program ($27,100), and Comprehensive Literacy State Development ($100,000) grants.

***Instruction***: Expenditures related to instruction increased by $278,529, or 14% in FY2026 compared to FY2025, due to staff cost-of-living compensation increases, higher health benefit rates, higher health benefit participation, and an increase in educational services for special education support.

***Supporting services***: Expenditures related to supporting services increased by $244,056, or 12% in FY2026 compared to FY2025. Much of this increase is made up of FY2026 capital outlay ($122,626) for fence improvements, a student transportation vehicle, and equipment. The remaining increase is the result of staff cost-of-living compensation increases, higher health benefit rates, higher health benefit participation, and an increase in consultant services related to the increase in federal funding.

## Building Corp

The fund balance of the Building Corp increased by 5% in FY2026 compared to FY2025. This increase is attributable to interest earned on reserves restricted for debt service.

## QALICB

The fund balance of QALICB decreased by 29% in FY2026 compared to FY2025. This decrease is attributable to planned FY2026 purchased services expenditures.

## 4. SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Overall, the carrying value of capital assets—original cost minus accumulated depreciation and amortization—decreased by 2% over the prior year. The School has invested in capital assets in the form of the School's educational facility and facility improvements, furniture, leased and purchased equipment, and vehicles. During the current year the School added $122,626 for fence improvements, a student transportation vehicle, and equipment. During the same period, the School recognized $209,021 in depreciation and amortization and removed two bus assets ($81,700) and the associated accumulated depreciation ($65,360). The net impact of all capital asset activity in FY2026 resulted in a $102,735 decrease in net position.

The School has long-term financing obligations related to financing through the New Market Tax Credit Program (NMTC Program), the proceeds of which were used to purchase the School's educational facility. A Citywide bank loan, CGRF CDE loans, and a loan receivable (see Note 6 to the financial statements) are part of this program. The School is obligated under lease agreements to make monthly lease payments to the Building Corp and the QALICB for the use of the School's facility. The Building Corp and the QALICB are then obligated to make corresponding debt payments. During the current year, the School paid $71,230 in principal on loans payable, leaving a balance of $7,830,619 at year-end.

The School has also entered into a lease agreement for the use of equipment. The lease agreement requires monthly payments through FY2030. During the current year, the School paid $5,089 in principal, leaving a balance of $16,832 at year-end.

The net impact of all long-term financing activity in FY2026 resulted in a $76,319 increase in net position.

## 5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The School is aware of the following developments that will have an impact on the School's finances in the future and were therefore incorporated into next year's budget:

***Enrollment***: The Board of Directors has adopted a FY2027 budget for 150 students, an increase of four students (3%) compared to FY2026.

**Per Pupil Revenue (PPR)**: The adopted FY2027 budget includes a 5.6% increase in total PPR, made up of an increase for the few additional students and a 2.5% increase in the PPR rate.

***Changes in grant funding***: Two state grants are not expected to be renewed in FY2027 and therefore were not included in the FY2027 budget. The Tony Grampas Youth Services Program ($163,505) and School Counselor Corps ($90,000) grants made up 6% of total FY2026 funding. However, this loss in funding is expected to be offset by the FY2027 Charter Schools Program (CSP) – Model Development and Dissemination Grant award, budgeted to increase by nearly $200,000.

***Salaries, benefits, and contracted services***: The FY2027 budget includes cost-of-living increases for staff and increases in health benefit premiums and pension rates. Overall, the School plans to invest an additional

$205,000, or 7% in staff next year. At the same time, select contracted educational services tied to grant funding in prior years will be discontinued in FY2027 and therefore were excluded from next year's budget.

# BASIC FINANCIAL STATEMENTS

**NEW LEGACY CHARTER SCHOOL**
**STATEMENT OF NET POSITION**
**JUNE 30, 2026**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 2,127,870 |
| Restricted cash and investments | 628,550 |
| Grants receivables | 177,612 |
| Intergovernmental receivables | 14,008 |
| Other receivables | 4,401 |
| Loan receivable | 3,823,800 |
| Prepaids | 24,138 |
| Capital assets, net of accumulated depreciation/amortization | 4,598,263 |
| Total Assets | 11,398,642 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred pension outflows | 599,760 |
| Deferred OPEB outflows | 25,391 |
| Total Deferred Outflows of Resources | 625,151 |
| **LIABILITIES** | |
| Accounts payable and other accrued liabilities | 46,114 |
| Accrued salaries and benefits | 175,078 |
| Unearned revenue | 679,419 |
| Accrued interest payable | 7,943 |
| Long-term liabilities | |
| Due within one year | 2,022,168 |
| Due in more than one year | 5,825,283 |
| Net pension liability | 3,917,353 |
| Net OPEB liability | 43,292 |
| Total Liabilities | 12,716,650 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred pension inflows | 551,220 |
| Deferred OPEB inflows | 50,500 |
| Total Deferred Inflows of Resources | 601,720 |
| **NET POSITION** | |
| Net investment in capital assets | (3,249,188) |
| Restricted for: | |
| TABOR | 101,000 |
| Debt Service | 620,607 |
| Special education | 9,700 |
| Unrestricted | 1,223,304 |
| Total Net Position (deficit) | $ (1,294,577) |

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

**NEW LEGACY CHARTER SCHOOL**
**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 | $ 2,710,141 | $ 557,532 | $ 1,791,458 | $ - | $ (361,151) |
| Supporting services | 2,573,830 | 477,949 | 34,240 | 63,830 | (1,997,811) |
| Interest | 219,669 | - | - | - | (219,669) |
| Total governmental activities | $ 5,503,640 | $ 1,035,481 | $ 1,825,698 | $ 63,830 | (2,578,631) |
| General revenues: | | | | | |
| Per pupil revenue | | | | | 1,188,209 |
| Grants and contributions not restricted to specific programs | | | | | 768,293 |
| Unrestricted investment earnings | | | | | 221,734 |
| Miscellaneous | | | | | 21,725 |
| Total general revenues | | | | | 2,199,961 |
| Change in net position | | | | | (378,670) |
| Net position - beginning (deficit) | | | | | (915,907) |
| Net position - ending (deficit) | | | | | $ (1,294,577) |

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

**NEW LEGACY CHARTER SCHOOL**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2026**

| | General Fund | Building Corp | QALICB | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 2,127,870 | $ - | $ - | $ 2,127,870 |
| Restricted cash and cash equivalents | - | 540,796 | 87,754 | 628,550 |
| Grants receivables | 177,612 | - | - | 177,612 |
| Intergovernmental receivables | 14,008 | - | - | 14,008 |
| Other receivables | 4,401 | - | - | 4,401 |
| Prepaids | 24,138 | - | - | 24,138 |
| Total Assets | $ 2,348,029 | $ 540,796 | $ 87,754 | $ 2,976,579 |
| **LIABILITIES** | | | | |
| Accounts payable and other accrued liabilities | $ 46,114 | $ - | $ - | $ 46,114 |
| Accrued salaries and benefits | 175,078 | - | - | 175,078 |
| Unearned revenue | 679,419 | - | - | 679,419 |
| Total Liabilities | 900,611 | - | - | 900,611 |
| **FUND BALANCE** | | | | |
| Non-spendable | 24,138 | - | - | 24,138 |
| Restricted for: | | | | |
| Debt service | - | 540,796 | 87,754 | 628,550 |
| TABOR | 101,000 | - | - | 101,000 |
| Special Education | 9,700 | - | - | 9,700 |
| Assigned | 712,920 | - | - | 712,920 |
| Unassigned | 599,660 | - | - | 599,660 |
| Total Fund Balance | 1,447,418 | 540,796 | 87,754 | 2,075,968 |
| Total Liabilities and Fund Balance | $ 2,348,029 | $ 540,796 | $ 87,754 | $ 2,976,579 |

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

**NEW LEGACY CHARTER SCHOOL**
**RECONCILIATION OF THE BALANCE SHEET**
**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 | | $ 2,075,968 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. | | 4,598,263 |
| Other long-term assets that are not available to pay for current period expenditures and, therefore, are either differed or not reported in the funds. | | |
| Note receivable | | 3,823,800 |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds: | | |
| Long-term debt | $ (7,847,451) | |
| Accrued interest payable | (7,943) | |
| Net pension liability | (3,917,353) | |
| Pension outflows | 599,760 | |
| Pension inflows | (551,220) | |
| Net OPEB liability | (43,292) | |
| OPEB outflows | 25,391 | |
| OPEB inflows | (50,500) | (11,792,608) |
| Total Net Position of Governmental Activities | | $ (1,294,577) |

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

**NEW LEGACY CHARTER SCHOOL**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | General Fund | Building Corp | QALICB | Total |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Local sources | $ 1,420,065 | $ 430,092 | $ 197,076 | $ 2,047,233 |
| State sources | 2,535,694 | - | - | 2,535,694 |
| Federal sources | 527,203 | - | - | 527,203 |
| Total revenues | 4,482,962 | 430,092 | 197,076 | 5,110,130 |
| **EXPENDITURES** | | | | |
| Instruction | 2,243,632 | - | - | 2,243,632 |
| Supporting services | 2,221,533 | 257,115 | 87,768 | 2,566,416 |
| Debt service | | | | |
| Interest | 767 | 73,828 | 145,075 | 219,670 |
| Principal | 5,089 | 71,229 | - | 76,318 |
| Total expenditures | 4,471,021 | 402,172 | 232,843 | 5,106,036 |
| Net change in fund balance | 11,941 | 27,920 | (35,767) | 4,094 |
| Fund balance, beginning | 1,435,477 | 512,876 | 123,521 | 2,071,874 |
| Fund balance, ending | $ 1,447,418 | $ 540,796 | $ 87,754 | $ 2,075,968 |

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

**NEW LEGACY CHARTER SCHOOL**
**RECONCILIATION OF THE STATEMENT OF**
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE 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 | | $ 4,094 |
| 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 and amortization expense | $ (209,021) | |
| Capital Outlays | 122,626 | |
| Loss on disposal of capital assets | (16,340) | (102,735) |
| 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 paid on loan | $ 71,230 | |
| Principal paid on leases | 5,089 | 76,319 |
| 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. | | |
| Change in pension related items | $ (385,995) | |
| Change in OPEB related items | 29,647 | (356,348) |
| Change in Net Position of Governmental Activities | | $ (378,670) |

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 New Legacy Charter School (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*

New Legacy Charter School (the School) was organized pursuant to the Colorado Charter Schools Act in 2013 to form and operate a charter school under the oversight of the Colorado Charter School Institute (CSI). The School began admitting students in the Fall of 2015. The School receives its State 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 units.* The School includes the New Legacy Charter School Building Corporation (the "Building Corp.") and the New Legacy QALICB (the "QALICB.") within its reporting entity. The Building Corp and QALICB were primarily organized to finance the acquisition of educational facilities and currently leases facilities only to the School. The Building Corp and QALICB are blended into the financial statements of the school as special revenue funds and do not issue separate financial statements.

### *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 School is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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.* - This fund is used to account for the financial activities of resources available for debt service related to the acquisition of capital sites, buildings, and equipment.

The *QALICB* – This fund is used to account for all other resources available for acquiring capital sites, buildings, equipment and 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 120 days of the end of the current fiscal period.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 120 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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.

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:

| | |
|---|---|
| Buildings and improvements | 30 years |
| Land improvements | 5 years |
| Furniture and equipment | 5-10 years |
| Vehicles | 5 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Leases*

Lessee: The School is a lessee for noncancellable leases of equipment. 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.

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 applicable 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Pensions*

New Legacy Charter School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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.

*Other Post Employment Benefit (OPEB) Plan*

New Legacy Charter School 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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.

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.

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

*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 | $ 654,055 |
| Investments | 2,102,365 |
| Total | $ 2,756,420 |

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

| | |
|---|---|
| Cash and investments | $ 2,127,870 |
| Restricted cash and investments | 628,550 |
| Total | $ 2,756,420 |

*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.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The carrying amount of the School's deposits at June 30, 2026 was $654,055 and the bank balances were $712,041. 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.

*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 funds;
- 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 |
|---|---|---|---|---|
| ColoTrust | $ 1,636,529 | Net asset value | Less than 90 days | AAAm |
| Money Market | 87,786 | Amortized cost | Less than 90 days | AAA |
| Certificates of Deposit | 378,050 | Fair Value | Up to one year | A- |
| | $ 2,102,365 | | | |

*Local Government Investment Pools.* The Colorado Local Government Liquid Asset Trust (ColoTrust), 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.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 ColoTrust. These investments are 77.8% of the School's total investments.

*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 – LOAN RECEIVABLE

On October 28, 2020, the Building Corp. issued a $3,823,800 leverage loan with a 25 year term bearing interest at 3.7935%. These funds along with an additional $1,996,200 were loaned by CGRF Subsidiary Thirteen LLC to the QALICB for the acquisition of the School's educational facilities.

| | |
|---|---|
| Loan receivable consists of the following at June 30, 2026: | $ 3,823,800 |

None of the loan receivable balance is anticipated to be collected within the next year.

## 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 being depreciated: | | | | |
| Buildings and improvements | $ 5,500,000 | $ - | $ - | $ 5,500,000 |
| Land improvements | - | 11,612 | - | 11,612 |
| Vehicles | 19,078 | 104,999 | - | 124,077 |
| Equipment | 182,082 | 6,015 | (81,700) | 106,397 |
| Total capital assets being depreciated | 5,701,160 | 122,626 | (81,700) | 5,742,086 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (855,555) | (183,333) | - | (1,038,888) |
| Land improvements | - | (1,355) | - | (1,355) |
| Vehicles | (15,264) | (6,441) | - | (21,705) |
| Equipment | (147,259) | (13,413) | 65,360 | (95,312) |
| Total accumulated depreciation | (1,018,078) | (204,542) | 65,360 | (1,157,260) |
| Total capital assets being depreciated, net | 4,683,082 | (81,916) | (16,340) | 4,584,826 |
| Lease assets being amortized: | | | | |
| Equipment | 26,873 | - | - | 26,873 |
| Total lease assets being amortized | 26,873 | - | - | 26,873 |
| Less accumulated amortization for: | | | | |
| Equipment | (8,957) | (4,479) | - | (13,436) |
| Total accumulated amortization | (8,957) | (4,479) | - | (13,436) |
| Total lease assets being amortized, net | 17,916 | (4,479) | - | 13,437 |
| Total governmental activities capital assets | $ 4,700,998 | $ (86,395) | $ (16,340) | $ 4,598,263 |

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

| | |
|---|---|
| *Governmental Activities* | |
| Instruction | $ 209,021 |

## NOTE 5 – LEASES

*School as lessee*

The School, as a lessee, has entered into a lease agreement for equipment with a lease term of 6 years. The total cost of these right-to-use lease asset is recorded as $26,873, less accumulated amortization of $13,436. The School has determined that as of June 30, 2026, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2026 are as follows:

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 5,267 | $ 589 | $ 5,856 |
| 2028 | 5,451 | 405 | 5,856 |
| 2029 | 5,642 | 214 | 5,856 |
| 2030 | 472 | 16 | 488 |
| | $ 16,832 | $ 1,224 | $ 18,056 |

## NOTE 6 – LONG-TERM LIABILITIES

The School has financed the acquisition of its educational facilities utilizing the New Market Tax Credit Program (NMTC Program). The NMTC Program attracts private capital by providing investors with a Federal tax credit who then make loans and investments to organizations like New Legacy Charter School. Both the Citywide Banks loan and CGRF CDE loans are part of this program, as is the loan receivable (Note 3).

*Citywide Banks Loan*

On October 28, 2020, the Building Corp. obtained a loan from Citywide Banks in the amount $2,402,074. Those funds along with cash on hand were loaned to TNT-New Legacy NMTC Fund, LLC for the purpose of obtaining additional funding for the School's educational facilities. The School is obligated under a lease agreement to make monthly lease payments to the Building Corp. for use of these facilities. Interest accrues at a rate of 3.5% and is due monthly. Principal payment are due monthly through October 2027 when a balloon payment is due.

*CGRF CDE Loans*

On October 28, 2020, the QALICB obtained loans from CGRF Subsidiary Thirteen LLC totaling $5,820,000. Those funds were used to finance the acquisition of the School's educational facilities. The School is obligated under a lease agreement to make monthly lease payments to the QALICB for use of these facilities. Interest accrues at a rate of 2.49% and is due quarterly. Principal payments begin on March 5, 2028 and are due quarterly from that date through the December 2050 maturity.

## NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

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

| Fiscal Year Ending June 30 | Governmental Activities Principal | | Governmental Activities Interest | |
|---|---|---|---|---|
| 2027 | $ 2,016,901 | ** | $ 216,340 | ** |
| 2028 | 1,968,143 | ** | 94,303 | ** |
| 2029 | 127,231 | ** | 94,411 | ** |
| 2030 | 130,439 | ** | 91,204 | ** |
| 2031 | 133,728 | ** | 87,915 | ** |
| 2032-2036 | 720,948 | ** | 387,264 | ** |
| 2037-2041 | 816,537 | ** | 291,675 | ** |
| 2042-2046 | 927,800 | ** | 183,412 | ** |
| 2047-2051 | 991,892 | ** | 60,908 | ** |
| Total | $ 7,833,619 | | $ 1,507,432 | |

**With the NMTC financing, the New Markets Tax Credits have a seven-year compliance period ending Oct. 28, 2027. New Legacy Charter School has entered into a put-call agreement related to the NMTC financing, which is expected to be exercised at the end of the seven-year period. This put-call agreement gives New Legacy Charter School the right to acquire 100 percent of the Investment Fund, which is expected to result in the CGRF CDE Loans being forgiven.

The loan receivable (Note 3) has a $3,823,800 balance at June 30, 2026. Sinking fund deposits required by Citywide Bank, which will total $249,000 when fully funded, as well as payments received on the loan receivable will also be used to retire the outstanding debt.

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

| *Governmental Activities* | Beginning Balance | Debt Issued and Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Loans payable | $ 7,901,849 | $ - | $ (71,230) | $ 7,830,619 | $ 2,016,901 |
| Leases | 21,921 | - | (5,089) | 16,832 | 5,267 |
| Net pension liability | 4,419,693 | 420,981 | (923,321) | 3,917,353 | - |
| Net OPEB liability | 78,418 | 5,788 | (40,914) | 43,292 | - |
| *Total Governmental Activities* | $ 12,421,881 | $ 426,769 | $ (1,040,554) | $ 11,808,096 | $ 2,022,168 |

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

## NOTE 7 – DEFINED BENEFIT PENSION PLAN

*General Information about the Pension Plan*

*Plan description.* Eligible employees of the New Legacy Charter School 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.

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.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, 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.

*Contributions provisions as of June 30, 2026:* Eligible employees of, New Legacy Charter School 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 New Legacy Charter School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from New Legacy Charter School were $440,894 for the year ended June 30, 2026.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 New Legacy Charter School proportion of the net pension liability was based on New Legacy Charter School 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.

At June 30, 2026, the New Legacy Charter School reported a liability of $3,917,353 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 New Legacy Charter School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with New Legacy Charter School were as follows:

| | | |
|---|---|---|
| New Legacy Charter School proportionate share of the net pension liability | $ | 3,917,353 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the New Legacy Charter School | | 368,141 |
| Total | $ | 4,285,494 |

At December 31, 2025, the New Legacy Charter School proportion was 0.0251177981%, which was a decrease of 0.0004963341% from its proportion measured as of December 31, 2024.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2026, the New Legacy Charter School recognized pension expense of $826,888 and revenue of $53,838 for support from the State as a nonemployer contributing entity. At June 30, 2026, the New Legacy Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 235,764 | $ - |
| Changes of assumptions or other inputs | 19,230 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 469,936 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 112,721 | 81,284 |
| Contributions subsequent to the measurement date | 232,045 | N/A |
| Total | $ 599,760 | $ 551,220 |

$232,045 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 | $ 311,936 |
| 2028 | (213,316) |
| 2029 | (163,422) |
| 2030 | (118,703) |
| 2031 | - |
| Thereafter | - |

**NOTE 7 – 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<br>**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<br>**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 7 – 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 7 – 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 New Legacy Charter School 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 | $ 5,541,945 | $ 3,917,353 | $ 2,556,960 |

*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 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

*General Information about the OPEB Plan*

*Plan description.* Eligible employees of the New Legacy Charter School 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 8 – 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 New Legacy Charter School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from New Legacy Charter School were $22,067 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 New Legacy Charter School reported a liability of $43,292 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 New Legacy Charter School proportion of the net OPEB liability was based on New Legacy Charter School contributions to the HCTF for the calendar year 2025 relative to the total contributions of participating employers to the HCTF.

## NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

At December 31, 2025, the New Legacy Charter School proportion was 0.0160667244%, which was a decrease of 0.0003329502% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, the New Legacy Charter School recognized OPEB expense of $(7,580). At June 30, 2026, the New Legacy Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ - | $ 17,517 |
| Changes of assumptions or other inputs | 475 | 21,014 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 6,914 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 13,302 | 5,055 |
| Contributions subsequent to the measurement date | 11,614 | N/A |
| Total | $ 25,391 | $ 50,500 |

$11,614 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 | $ (9,588) |
| 2028 | (10,171) |
| 2029 | (6,079) |
| 2030 | (5,396) |
| 2031 | (3,563) |
| Thereafter | (1,926) |

## NOTE 8 – 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 8 – 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 8 – 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<br>**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<br>**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 8 – 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 New Legacy Charter School 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 | $41,492 | $43,292 | $45,329 |

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

**NOTE 8 – 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.

*Sensitivity of the New Legacy Charter School 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 | $59,604 | $43,292 | $29,223 |

*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 9 - 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 10 – 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 11 - 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 $101,000 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.

# REQUIRED SUPPLEMENTARY INFORMATION

**NEW LEGACY CHARTER SCHOOL**
**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) | 0.0251177981% | 0.0256141322% | 0.0260063369% | 0.0185574764% | 0.0216296751% | 0.0264398980% | 0.0234821239% | 0.0237584375% | 0.0259048082% | 0.0220363865% |
| Employer's proportionate share of the net pension liability (asset) | $ 3,917,353 | $ 4,419,693 | $ 4,598,810 | $ 3,379,217 | $ 2,517,124 | $ 3,997,179 | $ 3,508,178 | $ 4,206,919 | $ 8,376,694 | $ 6,561,084 |
| State's proportionate share of the net pension liability (asset) associated with the Employer | 368,141 | 396,959 | 100,838 | 984,738 | 288,556 | - | 444,968 | 575,307 | - | - |
| Total | $ 4,285,494 | $ 4,816,652 | $ 4,699,648 | $ 4,363,955 | $ 2,805,680 | $ 3,997,179 | $ 3,953,146 | $ 4,782,226 | $ 8,376,694 | $ 6,561,084 |
| Employer's covered payroll | $ 2,036,108 | $ 1,979,323 | $ 1,719,254 | $ 1,431,495 | $ 1,351,787 | $ 1,414,043 | $ 1,379,958 | $ 1,306,129 | $ 1,194,958 | $ 989,032 |
| 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% | 254.22% | 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.

**NEW LEGACY CHARTER SCHOOL**
**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 | $ 440,894 | $ 414,747 | $ 382,129 | $ 311,413 | $ 273,790 | $ 273,416 | $ 267,696 | $ 268,176 | $ 229,708 | $ 202,318 |
| Contributions in relation to the contractually required contribution | (440,894) | (414,747) | (382,129) | (311,413) | (273,790) | (273,416) | (267,696) | (268,176) | (229,708) | (202,318) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Employer's covered payroll | $ 2,163,366 | $ 2,035,068 | $ 1,875,018 | $ 1,528,030 | $ 1,377,213 | $ 1,375,331 | $ 1,381,300 | $ 1,401,861 | $ 1,216,674 | $ 1,100,751 |
| Contributions as a percentage of covered payroll | 20.38% | 20.38% | 20.38% | 20.38% | 19.88% | 19.88% | 19.38% | 19.13% | 18.88% | 18.38% |

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

See the accompanying independent auditors' report.

**NEW LEGACY CHARTER SCHOOL**
**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.

**NEW LEGACY CHARTER SCHOOL**
**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 |
|---|---|---|---|---|---|---|---|---|---|
| Employer's proportion of the net OPEB liability (asset) | 0.0160667244% | 0.0163996746% | 0.0155581798% | 0.0141034674% | 0.0141225375% | 0.0152929318% | 0.0153491487% | 0.0154431085% | 0.0147189970% |
| Employer's proportionate share of the net OPEB liability (asset) | $ 43,292 | $ 78,418 | $ 111,043 | $ 115,152 | $ 121,779 | $ 145,317 | $ 172,524 | $ 210,110 | $ 191,288 |
| Employer's covered payroll | $ 2,036,108 | $ 1,979,323 | $ 1,719,254 | $ 1,431,495 | $ 1,351,787 | $ 1,414,043 | $ 1,358,567 | $ 1,306,128 | $ 1,194,957 |
| 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% | 12.70% | 16.09% | 16.01% |
| 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% |

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

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**NEW LEGACY CHARTER SCHOOL**
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS**
**HEALTH CARE TRUST FUND**
**JUNE 30, 2026**

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 22,067 | $ 20,758 | $ 19,125 | $ 15,585 | $ 14,048 | $ 14,029 | $ 13,792 | $ 14,299 | $ 12,413 |
| Contributions in relation to the contractually required contribution | (22,067) | (20,758) | (19,125) | (15,585) | (14,048) | (14,029) | (13,792) | (14,299) | (12,413) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Employer's covered payroll | $ 2,163,366 | $ 2,035,068 | $ 1,875,018 | $ 1,528,030 | $ 1,377,213 | $ 1,375,331 | $ 1,352,329 | $ 1,401,860 | $ 1,216,962 |
| 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% |

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

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**NEW LEGACY CHARTER SCHOOL**
**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.

**NEW LEGACY CHARTER SCHOOL**
**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 | $ 1,355,700 | $ 1,493,548 | $ 137,848 | $ 1,420,065 | $ (73,483) |
| State sources | 2,662,201 | 2,586,376 | (75,825) | 2,535,694 | (50,682) |
| Federal sources | 87,693 | 614,181 | 526,488 | 527,203 | (86,978) |
| Total revenues | 4,105,594 | 4,694,105 | 588,511 | 4,482,962 | (211,143) |
| **EXPENDITURES** | | | | | |
| Instruction | 2,289,638 | 2,538,660 | (249,022) | 2,243,632 | 295,028 |
| Supporting Services | 1,796,709 | 2,026,317 | (229,608) | 2,221,533 | (195,216) |
| Debt service | | | | | |
| Interest | - | - | - | 767 | (767) |
| Principal | - | - | - | 5,089 | (5,089) |
| Total expenditures | 4,086,347 | 4,564,977 | (478,630) | 4,471,021 | 93,956 |
| Net change in fund balances | 19,247 | 129,128 | 109,881 | 11,941 | (117,187) |
| Fund balances - beginning | 1,461,033 | 1,435,475 | (25,558) | 1,435,477 | 2 |
| Fund balance - ending | $ 1,480,280 | $ 1,564,603 | $ 84,323 | $ 1,447,418 | $ (117,185) |

See the accompanying Independent Auditors' Report.

**NEW LEGACY CHARTER SCHOOL**
**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 Original Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|---|
| | Original | Final | | | |
| **REVENUES** | | | | | |
| Local sources | $ 437,899 | $ 437,899 | $ - | $ 430,092 | $ (7,807) |
| Total revenues | 437,899 | 437,899 | - | 430,092 | (7,807) |
| **EXPENDITURES** | | | | | |
| Supporting Services | 257,417 | 257,417 | - | 257,115 | 302 |
| Debt service | | | | | |
| Interest | 73,827 | 73,827 | - | 73,828 | (1) |
| Principal | 71,239 | 71,239 | - | 71,229 | 10 |
| Total expenditures | 402,483 | 402,483 | - | 402,172 | 311 |
| Net change in fund balances | 35,416 | 35,416 | - | 27,920 | (7,496) |
| Fund balances - beginning | 513,476 | 513,476 | - | 512,876 | (600) |
| Fund balance - ending | $ 548,892 | $ 548,892 | $ - | $ 540,796 | $ (8,096) |

See the accompanying Independent Auditors' Report.

**NEW LEGACY CHARTER SCHOOL**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**
**BUDGET AND ACTUAL**
**QALICB FUND**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | Budgeted Amounts | | Variance with Original Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|---|
| | Original | Final | | | |
| **REVENUES** | | | | | |
| Local sources | $ 194,956 | $ 194,956 | $ - | $ 197,076 | $ 2,120 |
| Total revenues | 194,956 | 194,956 | - | 197,076 | 2,120 |
| **EXPENDITURES** | | | | | |
| Supporting Services | 95,500 | 95,500 | - | 87,768 | 7,732 |
| Debt service | | | | | |
| Interest | 145,075 | 145,075 | - | 145,075 | - |
| Total expenditures | 240,575 | 240,575 | - | 232,843 | 7,732 |
| Net change in fund balances | (45,619) | (45,619) | - | (35,767) | 9,852 |
| Fund balances - beginning | 78,958 | 78,958 | - | 123,521 | 44,563 |
| Fund balance - ending | $ 33,339 | $ 33,339 | $ - | $ 87,754 | $ 54,415 |

See the accompanying Independent Auditors' Report.

**NEW LEGACY CHARTER SCHOOL**
**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 propose 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.

*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 |
|---|---|---|---|
| Local Sources | 1,355,700 | 1,493,548 | 137,848 |
| State Sources | 2,662,201 | 2,586,376 | (75,825) |
| Federal Sources | 87,693 | 614,181 | 526,488 |

| Expenditures | Original Budget | Final Budget | Difference |
|---|---|---|---|
| Instruction | 2,289,638 | 2,538,660 | (249,022) |
| Supporting Services | 1,796,709 | 2,026,317 | (229,608) |

The FY2026 budget was amended to include an additional $526,000 in federal revenue. The bulk of the increase was a result of securing the Model Development and Dissemination grant for $295,000. Additional federal grants secured included the Education for the Homeless and Early Literacy grants. Local funding increased due to $80,000 additional Colorado Child Care Assistance Program funding.

Expenditures were adjusted due to the additional grant funding. Teacher Salaries and Benefits increased by $246,000. Contracted Services increased by $127,000 to address higher than anticipated special education requirements as well as specialist support for the new federal Model Development and Dissemination grant. The amended budget also added $85,000 for a vehicle purchase using grant funds.

*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 | 1,493,548 | 1,420,065 | (73,483) |
| State Sources | 2,586,376 | 2,535,694 | (50,682) |
| Federal Sources | 614,181 | 527,203 | (86,978) |

| Expenditures | Final Budget | Actual expenditures | Difference |
|---|---|---|---|
| Instruction | 2,538,660 | 2,243,632 | 295,028 |
| Supporting Services | 2,026,317 | 2,221,533 | (195,216) |

Actual state revenue received was less than the budgeted total. Fewer preschool students qualified for Universal Pre-Kindergarten revenue than anticipated resulting in a $29,000 shortfall. The actual State Pension contribution was also less than budgeted. The new federal Model Development and Dissemination grant period spanned fiscal years and year one for the grant period ended September 30, 2026. More than anticipated grant transactions occurred after June 30, 2026, which resulted in $95,000 less revenue received for this grant.

Instructional expenditures fell short of the final budget by $295,000 due to coding nuances between instruction and support for contracted services. This is also why supporting services exceeded the final budget by $195,000. The budget planned for contracted instructional services that when realized were evaluated and coded as support. This included services for contracted psychologist and occupational therapy services.

*Building Corp Fund Budgetary Highlights*

During the fiscal year, there was no need for any significant amendments to increase either the original estimated revenues or the original budgeted expenditures. However, budget amendments were made to reallocate appropriations among functions to better align expenditures with actual operational needs and the planned use of fund balance. In general, these reallocations were not significant.

*QALICB Fund Budgetary Highlights*

During the fiscal year, there was no need for any significant amendments to increase either the original estimated revenues or the original budgeted expenditures. However, budget amendments were made to reallocate appropriations among functions to better align expenditures with actual operational needs and the planned use of fund balance. In general, these reallocations were not significant.

**NEW LEGACY CHARTER SCHOOL**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGETARY COMPARISON**
**JUNE 30, 2026**

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

| Expenditures | Final Budget | Actual expenditures | Difference |
|---|---|---|---|
| Supporting Services | 95,500 | 87,768 | 7,732 |

The QALICB budgeted a $6,000 donation to the New Legacy Charter School but chose to defer any donations for the school to the end of the finance period in October 2027.