ASCENT CLASSICAL ACADEMY
CHARTER SCHOOLS, INC

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2026

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
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JUNE 30, 2026

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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ascent Classical Academy Charter Schools, Inc

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Ascent Classical Academy Charter Schools, Inc, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the Ascent Classical Academy Charter Schools, Inc'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 and the aggregate remaining fund information of the Ascent Classical Academy Charter Schools, Inc, as of June 30, 2026 and the respective changes in financial position and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ascent Classical Academy Charter Schools, Inc and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ascent Classical Academy Charter Schools, Inc'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 and *Government 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 and *Government Auditing Standards*, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ascent Classical Academy Charter Schools, Inc's basic financial statements. The accompanying combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Colorado Springs, Colorado
October 14, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help the Ascent Classical Academy Charter Schools, Inc's (ACACS or the Network) stakeholders understand what the financial statements and notes in this financial report say about the health of the Network 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 Network's finances.

If you have questions about this report or require further information, contact the Business Office at christopher.scott@ascentcolorado.org or 720-506-2988.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

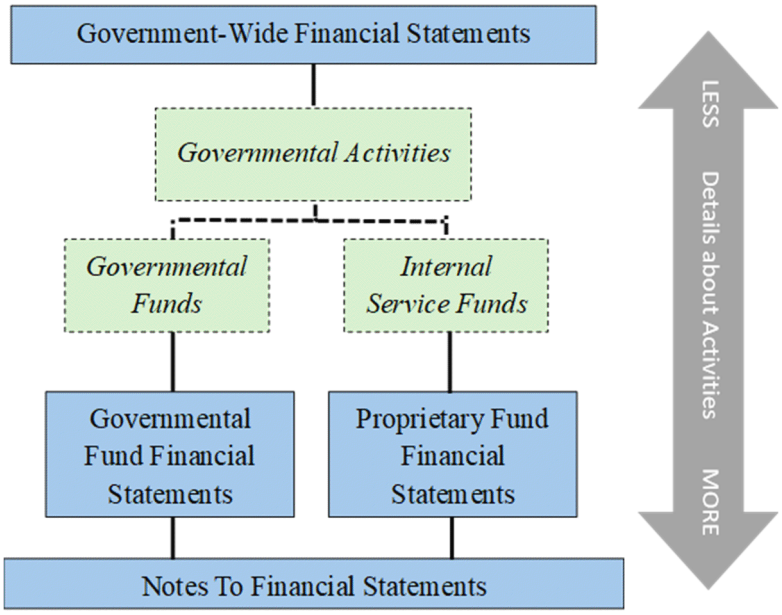
The Network's financial report contains basic financial statements. Those financial statements present the Network's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the Network's governmental activities (see the diagram in Figure A-1.).

- Governmental activities comprise the Network'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 Network.

The remaining basic financial statements present the Network'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 Network reports two groups of funds:

- *Governmental fund financial statements* report on all governmental activities. The Network reports three major governmental funds. In addition to the Network's main operating fund - the General Fund - the financial statements report the activity of the Building Corp Fund and the Capital Projects Fund. The General Fund accounts for the financial activity of the Network's four Schools – Douglas County, Northern Colorado, Grand Junction, and Northern Denver. The Building Corp Fund was organized to account for the financial activities of the Ascent Colorado Building Corporation, including facilities acquisition and construction and the accumulation of resources for the related debt service. The Capital Projects Fund was organized to account for capital building maintenance and improvements. Governmental fund financial statements demonstrate how resources are received, spent, and accumulated during the fiscal year and help readers evaluate the Network's near-term financing requirements.
- *Proprietary fund financial statements* report all the services provided on a cost-reimbursement basis to the Network. This includes the Network's Internal Service Fund, organized to account for financial transactions for services, specifically related to the partially self-funded health insurance plan, that are purchased by the Schools from the Internal Service Fund. Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting.

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



The next section of this financial report contains *notes to financial statements*, which delve deeper into the Network's finances as reported in the financial statements. The information in the notes is as important to understanding the Network's finances as the information in the financial statements. The Network 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 Network's government-wide financial statements use the *economic resources measurement focus and accrual basis of accounting* (see Figure A-2.).

- *Assets*—resources the Network controls, from short-term assets like cash to long-term assets like buildings and equipment.
- *Liabilities*—amounts the Network owes, from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt.
- *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 revenue 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 Network's Financial Statements

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

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		Percentage Change
	June 30, 2026	June 30, 2025	
ASSETS			
Current Assets	$ 48,270,637	$ 33,088,188	45.9%
Capital Assets, Net	71,438,849	54,157,194	31.9%
Total Assets	119,709,486	87,245,382	37.2%
LIABILITIES			
Current Liabilities	7,884,102	5,532,976	42.5%
Noncurrent Liabilities	107,830,985	77,389,953	39.3%
Total Liabilities	115,715,087	82,922,929	39.5%
Net Position			
Net Investment in Capital Assets	(16,417,493)	(12,425,978)	-32.1%
Restricted	9,446,470	7,230,550	30.6%
Unrestricted	10,965,422	9,517,881	15.2%
Total Net Position	$ 3,994,399	$ 4,322,453	-7.6%

Table A-2. Changes in Net Position

	Governmental Activities		Percentage
	June 30, 2026	June 30, 2025	Change
Program Revenue:			
Charges for Services	$ 4,983,913	$ 1,623,373	207.0%
Operating Grants and Contributions	7,369,683	6,243,173	18.0%
Capital Grants and Contributions	884,962	739,202	19.7%
Total Program Revenue	13,238,558	8,605,748	53.8%
General Revenue:			
Per Pupil Revenue	27,584,470	25,222,362	9.4%
Grants and Contributions Not Restricted to Specific Programs	401,052	280,147	43.2%
Unrestricted Investment Earnings	1,226,122	1,465,644	-16.3%
Miscellaneous	53,300	104,129	-48.8%
Total General Revenue	29,264,944	27,072,282	8.1%
Total Revenue	42,503,502	35,678,030	19.1%
Expenses:			
Instruction	16,566,360	13,848,188	19.6%
Supporting Services	20,363,386	16,281,127	25.1%
Interest and other fiscal charges	5,901,810	4,148,493	42.3%
Total Expenses	42,831,556	34,277,808	25.0%
Increase/(Decrease) in Net Position	(328,054)	1,400,222	-123.4%
Net Position, Beginning	4,322,453	2,922,231	47.9%
Net Position, Ending	$ 3,994,399	$ 4,322,453	-7.6%

Figure A-3. Governmental Activities - Revenues by Source

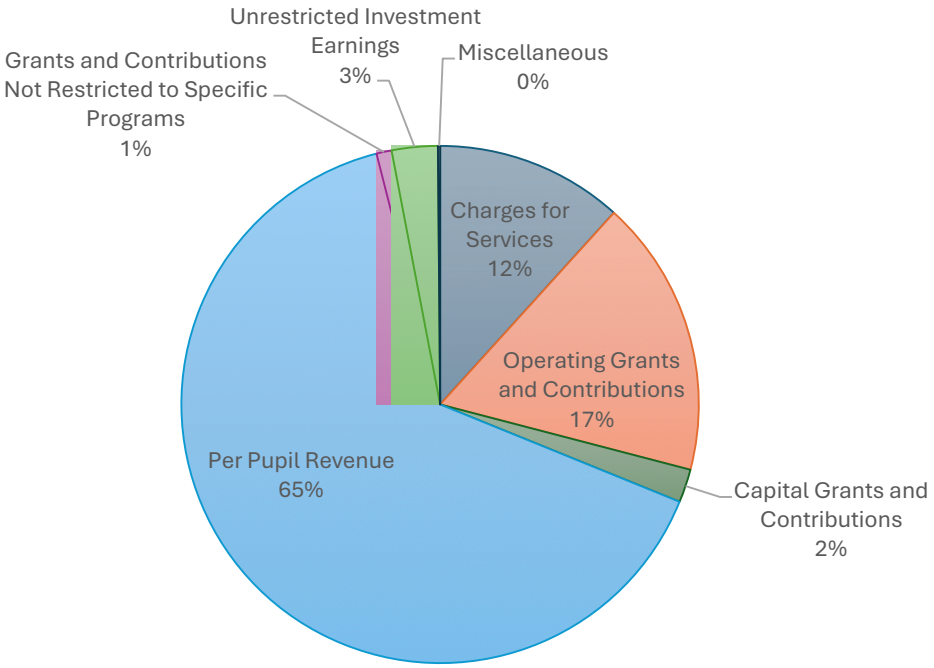
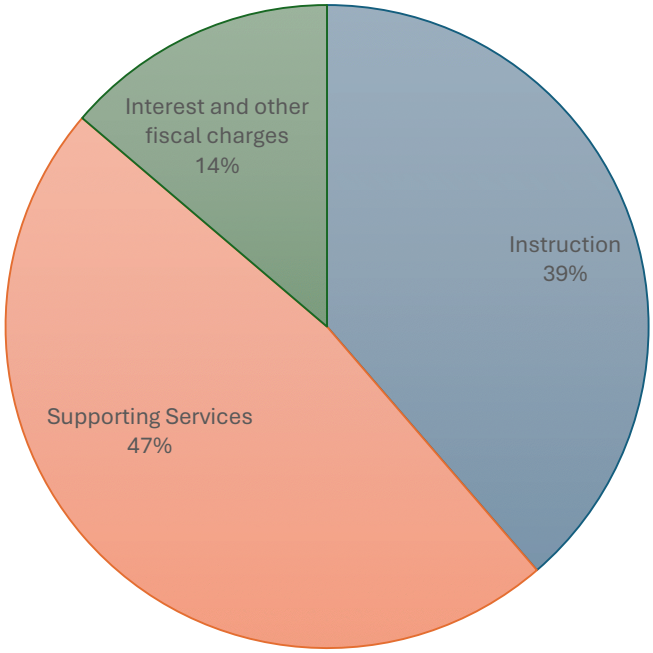


Figure A-4. Governmental Activities - Expenses by Function



3. DETAILED ANALYSIS

Governmental Activities

Tables A-1. and A-2. demonstrate that the Network's net position as of June 30, 2026, was $3,994,399. Net position decreased by $328,054, or 8%, 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 46%, or $15,182,449, compared to FY2025. This increase is largely due to a $13,696,638 increase in restricted cash and investments held by the Building Corp, primarily proceeds of the Series 2026 bonds issued in May 2026. Unrestricted cash and investments increased by $1,365,143, largely reflecting operational savings in the General Fund, and receivables and prepaid expenses increased by a combined $120,668.

Capital Assets, Net: During FY2026, net capital assets increased by 32%, or $17,281,655, compared to FY2025. This is the amount by which capital outlay ($19,534,113) exceeded depreciation and amortization ($2,252,458). Capital outlay consisted primarily of construction in progress and land for the new Northern Denver facility and the Grand Junction campus, including Grand Junction building improvements, as well as $2,184,169 in new right-to-use lease assets for the Northern Denver facility, mobile classrooms, and solar panels (see Section 4 for additional detail).

Current Liabilities: During FY2026, current liabilities increased by 42%, or $2,351,126, compared to FY2025. This increase is largely due to a $2,192,592 increase in construction-related accounts payable in the Building Corp Fund, a $614,743 increase in accrued interest payable related to bonds payable, and $281,099 in claims and other liabilities of the Internal Service Fund, which began paying claims in FY2026. These increases were partially offset by a $604,238 decrease in accounts payable in the General and Capital Projects Funds and a $133,070 decrease in unearned revenue.

Noncurrent Liabilities: During FY2026, long-term liabilities increased by 39%, or $30,441,032, compared to FY2025. This increase is primarily due to the issuance of $29,455,000 in Series 2026 Charter School Revenue Bonds (net of a $569,660 discount) to finance land acquisition and construction of a permanent facility for the Northern Denver campus and improvements at the Grand Junction campus. It also reflects $2,184,169 in new lease liabilities and $20,674 in amortization of bond discounts, which increases the carrying amount of the bonds. These increases were partially offset by $649,151 in lease and SBITA principal payments.

Net Investment in Capital Assets: Net investment in capital assets decreased by $3,991,515, or 32%, in FY2026, from $(12,425,978) to $(16,417,493). Net investment in capital assets equals net capital assets, less related debt, plus unspent bond proceeds held by the Building Corp for capital projects ($19,974,644 at June 30, 2026, and $10,806,781 at June 30, 2025). The $30,441,032 increase in capital-related debt, primarily the Series 2026 bonds, exceeded the $17,281,655 increase in net capital assets and the $9,167,863 increase in unspent project proceeds. This is primarily because a portion of the Series 2026 bond proceeds was used for items that are not capital assets: the debt service reserve fund ($1,409,936 at year-end), the capitalized interest fund ($1,565,081 at year-end), and issuance costs ($744,030).

Restricted Net Position: Restricted net position increased by $2,215,920, or 31%, in FY2026. Amounts restricted for debt service increased by $2,104,920. The Series 2026 bonds funded a new debt service reserve fund and capitalized interest fund, which held $1,409,936 and $1,565,081, respectively, at year-end, including earned interest. These increases were partially offset by a $614,743 increase in accrued interest payable, which reduces the restricted amount, and a $255,352 net decrease in the Building Corp's other debt service accounts, primarily the Series 2024 reserve fund ($245,658). Amounts restricted for TABOR and special education increased by $98,000 and $13,000, respectively.

Unrestricted Net Position: Unrestricted net position increased by $1,447,541, or 15%, in FY2026. The increase largely reflects General Fund operating results: a $1,322,564 increase in General Fund balance, excluding the portion added to the TABOR and special education reserves. The Capital Projects Fund also increased by $224,845, and the Building Corp reported $13,487 in prepaid items. These increases were partially offset by the $113,357 decrease in Internal Service Fund net position.

Charges for Services: Charges for services increased by $3,360,540, or 207%, in FY2026 compared to FY2025. Charges for services include facility rental income received by the Building Corp from the Schools, which increased by $3,259,125, from $1,086,625 in FY2025 to $4,345,750 in FY2026, as FY2026 was the first full year of base rent payments on the Series 2024 bonds (see General Fund Supporting services below). The corresponding rent is reported in supporting services expenses (see Supporting Services below). Excluding this rental income, charges for services, which consist of student fees, instructional materials fees, and facility rentals to outside parties, increased by $101,415, or 19%, from $536,748 to $638,163, as enrollment grew.

Operating Grants and Contributions: Operating grants and contributions increased by $1,126,510, or 18%, in FY2026 compared to FY2025. The increase primarily reflects higher Colorado Charter School Program (CCSP) grant funding at the Grand Junction and Northern Denver schools and higher Mill Levy Equalization funding.

Capital Grants and Contributions: Capital grants and contributions increased by $145,760, or 20%, in FY2026 compared to FY2025. State Capital Construction funding, which the Schools applied toward their facility rent payments, increased by $90,308. The remainder of the change reflects differences in classification between years: Grand Junction's Capital Construction funding ($110,719) was reported as an operating grant in FY2025 and is reported as a capital grant in FY2026, while state at-risk categorical funding ($55,267) was reported as a capital grant in FY2025 and as an operating grant in FY2026.

Per Pupil Revenue (PPR): PPR is the Network's largest funding source (65% of total revenue; see Figure A-3.) and increased by $2,362,108, or 9%, in FY2026 compared to FY2025. Funded pupils increased by 158.7 (7%), from 2,323.7 to 2,482.4, led by Northern Denver (+69.9) and Grand Junction (+56.5). The Network's average per-pupil rate increased by 2%, from $10,854 to $11,112.

Instruction: Expenses related to instruction made up 39% of total expenses in FY2026 (see Figure A-4.) and increased by $2,718,172, or 20%, compared to FY2025. This increase reflects $2,834,892 in higher General Fund instructional spending, primarily contracted staffing costs to support enrollment growth (discussed below), partially offset by a $116,720 net reduction related to Internal Service Fund activity. In the government-wide statements, health insurance charges from the Internal Service Fund to the Schools are eliminated and replaced with the fund's actual claims and expenses, which are allocated to the functions.

Supporting Services: Expenses related to supporting services made up 47% of total expenses in FY2026 (see Figure A-4.) and increased by $4,082,259, or 25%, compared to FY2025. The largest factor was a $3,259,125 increase in facility rent paid by the Schools to the Building Corp, which is also reported as Building Corp rental income in charges for services. Depreciation and amortization also increased by $666,096 as facilities and leased assets were placed into service, and net Internal Service Fund activity allocated to supporting services added $508,800. These increases were partially offset by a $351,762 net decrease in other supporting services spending, including lower travel and professional services costs.

Interest and Other Fiscal Charges: Interest and other fiscal charges increased by $1,753,317, or 42%, in FY2026 compared to FY2025. The increase reflects $744,030 in issuance costs for the Series 2026 bonds and a $566,461 increase in accrued interest expense, largely on the Series 2026 bonds. Interest paid also increased by $438,082, including $289,700 on the Series 2024 bonds and $148,382 on leases and other obligations. Amortization of bond discounts increased by $4,747.

Governmental Funds

The Network 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 Network'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. Governmental Fund Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Building Corp Fund		Capital Projects Fund	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Revenues						
Local sources	$ 1,617,676	$ 1,428,930	$ 5,177,723	$ 2,262,275	$ 144,856	$ 25,121
State sources	33,700,015	30,951,301	-	-	-	-
Federal sources	1,859,508	1,010,402	-	-	-	-
Total revenues	37,177,199	33,390,633	5,177,723	2,262,275	144,856	25,121
Expenditures						
Instruction	16,676,080	13,841,188	-	-	-	-
Supporting services	18,763,748	14,945,927	17,340,653	2,741,152	1,782,868	1,006,379
Debt service	666,625	180,977	4,345,500	4,055,800	159,390	-
Total Expenditures	36,106,453	28,968,092	21,686,153	6,796,952	1,942,258	1,006,379
Excess (deficiency of revenues over expenditures)	1,070,746	4,422,541	(16,508,430)	(4,534,677)	(1,797,402)	(981,258)
Other financing sources (uses)						
Transfers in (out)	(1,169,324)	(3,485,915)	(475,896)	(500,183)	1,370,220	3,486,098
Leases (as lessee)	1,532,142	44,415	-	-	652,027	-
Proceeds from long-term debt	-	-	29,455,000	-	-	-
Premium (discount) on debt issued	-	-	(569,660)	-	-	-
Total other financing sources (uses)	362,818	(3,441,500)	28,409,444	(500,183)	2,022,247	3,486,098
Net Change in Fund Balance	1,433,564	981,041	11,901,014	(5,034,860)	224,845	2,504,840
Fund Balance, Beginning	7,704,941	6,723,900	17,569,680	22,604,540	2,504,840	-
Fund Balance, Ending	$ 9,138,505	$ 7,704,941	$ 29,470,694	$ 17,569,680	$ 2,729,685	$ 2,504,840

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 Network's General Fund increased by 19%. This increase is attributable to revenues exceeding expenditures by $1,070,746, driven by enrollment growth, and to lower transfers to other funds than in FY2025. All four schools increased their fund balances: Douglas County by $657,281, Northern Colorado by $405,380, Grand Junction by $221,299, and Northern Denver by $149,604. Additional detail comparing current and prior year activity follows:

State sources: State sources increased by $2,748,714, or 9%, in FY2026 compared to FY2025. Of this amount, $2,362,108 is from PPR, as described above. The remainder is largely due to increases in Mill Levy Equalization ($284,473) and Capital Construction ($90,308) funding.

Federal sources: Federal sources increased by $849,106, or 84%, in FY2026 compared to FY2025. This increase is largely due to a $728,377 increase in Colorado Charter School Program (CCSP) grant funding at the Grand Junction and Northern Denver schools, which are in their start-up and expansion phases.

Instruction: Expenditures related to instruction increased by $2,834,892, or 20%, in FY2026 compared to FY2025. This increase was largely driven by a $2,567,828 increase in contracted staffing costs through the Network's staffing service provider, reflecting additional instructional staff to support enrollment growth. Non-capital equipment and supplies also increased by a combined $212,316.

Supporting services: Expenditures related to supporting services increased by $3,817,821, or 26%, in FY2026 compared to FY2025. The largest drivers were:

- a $3,259,125 increase in facility rent paid to the Building Corp (from $1,086,625 to $4,345,750) for the Schools' facilities. In FY2025, most of the interest on the Series 2024 bonds was paid from a capitalized interest fund established with bond proceeds, so the Schools' base rent payments covered only a portion of the year's debt service. FY2026 was the first full year in which base rent payments covered the Series 2024 bonds' annual debt service ($4,345,500). The increase was partially offset by lower third-party facility rent at Northern Denver, where the facility lease is now reported as a lease under GASB Statement No. 87 (see Leases below).
- $1,487,727 in capital outlay for the Northern Denver facility lease (see Leases below).

These increases were partially offset by decreases in travel ($248,406), leasehold improvements ($219,262), and legal, consulting, and other professional services ($514,590 combined). All other supporting services spending increased by a net $53,227.

Debt service: Debt service expenditures increased by $485,648 in FY2026 compared to FY2025, primarily reflecting principal and interest payments on the new Northern Denver facility lease.

Transfers: Net transfers out of the General Fund decreased from $3,485,915 in FY2025 to $1,169,324 in FY2026. FY2025 transfers included $3,486,098 to establish the Capital Projects Fund and $500,000 to establish the Internal Service Fund, partially offset by $500,183 in net transfers in from the Building Corp. In FY2026, Douglas County and Northern Colorado transferred $1,075,000 to the Capital Projects Fund for future capital needs and $275,000 to the Internal Service Fund. These transfers were partially offset by $180,676 in net transfers in from the Building Corp, primarily interest earnings on reserve balances.

Leases: In FY2026, the Network entered into a two-year facility lease for the Northern Denver campus and several equipment leases. It recognized both lease proceeds and capital outlay of $1,532,142 in the General Fund, per GASB Statement No. 87.

Building Corp Fund

The fund balance of the Building Corp Fund increased by $11,901,014, or 68%. In May 2026, the Building Corp received $28,885,340 in Series 2026 bond proceeds ($29,455,000 par, less a $569,660 discount). During FY2026, it spent $16,538,905 on facilities acquisition and construction, including construction of the Northern Denver facility, land for the Northern Denver and Grand Junction campuses, and Grand Junction building improvements, as well as $744,030 in issuance costs. Rental income from the schools and interest earnings ($5,177,723) covered the $4,345,500 in interest on the Series 2024 bonds. The Building Corp also made net transfers of $475,896 ($180,676 to the General Fund and $295,220 to the Capital Projects Fund) and incurred $57,718 in other expenditures, primarily bank fees and professional services. The year-end balance consists primarily of unspent project funds, the debt service reserve, and capitalized interest.

Capital Projects Fund

The fund balance of the Capital Projects Fund increased by $224,845, or 9%. The fund received $1,370,220 in transfers ($1,075,000 from Douglas County and Northern Colorado and $295,220 from the Building Corp) and

$144,856 in local revenue, including $70,712 in interest earnings, $45,000 in private contributions, and $29,144 in other revenue. It also recognized $652,027 in lease proceeds for mobile classroom and solar panel leases. The fund spent $1,782,868 on capital improvements and maintenance, including $719,602 in major renovations and the $652,027 in capital outlay for the mobile classroom and solar panel leases, and $159,390 on lease principal and interest.

Proprietary Fund

The Network reports one proprietary fund, the Internal Service Fund, which accounts for the Network's partially self-funded employee health insurance plan. The Internal Service Fund charges the Schools for health insurance coverage and pays employee health claims and related costs. Unlike the governmental funds, the Internal Service Fund uses the economic resources measurement focus and the full accrual basis of accounting, the same basis used in the government-wide financial statements, and it reports net position rather than fund balance. Because the Internal Service Fund primarily serves the Schools, it is included in governmental activities in the government-wide financial statements, and its charges to the Schools are eliminated so that health insurance costs are not counted twice. Table A-4 summarizes the fund's activity.

Table A-4. Proprietary Fund Changes in Net Position

	Internal Service Revenue	
	June 30, 2026	June 30, 2025
Operating Revenues		
Charges for Services	$ 1,238,637	$ -
Operating Expenses		
Insurance claims and expenses	1,630,717	-
Operating income (loss)	(392,080)	-
Non-Operating Revenues (Expenses)		
Transfers in (out)	275,000	500,000
Interest and investment revenue	3,723	-
Total non-operating revenue (expenses)	278,723	500,000
Change in net position	(113,357)	500,000
Net position - beginning	500,000	-
Net position - ending	$ 386,643	$ 500,000

Internal Service Fund

The net position of the Internal Service Fund decreased by $113,357, or 23%. As planned, the Network used a portion of the fund's beginning net position to offset health insurance charges to the Grand Junction and Northern Denver schools. As a result, claims and expenses ($1,630,717) exceeded charges to the schools

($1,238,637) by $392,080. This decrease was partially offset by $275,000 in transfers from Douglas County and Northern Colorado and $3,723 in interest earnings.

4. SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Overall, the carrying value of capital assets—original cost minus accumulated depreciation and amortization—increased by 32% over the prior year. The Network has invested in capital assets for facility construction in progress, land, buildings and building improvements, equipment, leased buildings and equipment, and software subscriptions. During FY2026, the Network added $14,217,071 in construction in progress, $3,190,000 in land, $1,800,189 in buildings, improvements, and equipment, and $2,184,169 in right-to-use lease assets, and reduced construction in progress by $1,857,316. During the same period, the Network recognized $2,252,458 in depreciation and amortization. The net impact of all FY2026 capital asset activity resulted in a $17,281,655 increase in net capital assets.

The Network has long-term financing activity in the form of Series 2024 and Series 2026 Charter School Revenue Bonds, issued through the Colorado Educational and Cultural Facilities Authority, with the proceeds loaned to the Building Corp, as well as lease and SBITA obligations. Under its lease agreement with the Building Corp, the Network is obligated to make base rent payments to the Building Corp, which the Building Corp uses to make the debt service payments on the bonds. These payments are made through the Colorado Charter School Intercept Program, under which the State Treasurer withholds the amounts due from the Schools' per pupil revenue. In April 2024, $77,515,000 in Series 2024A and 2024B bonds were issued at interest rates of 4.75% to 5.80%. The proceeds financed the purchase of the Douglas County and Northern Colorado facilities, Douglas County facility expansion and improvements, and modular buildings; refunded the Series 2023 bonds; and funded a debt service reserve and capitalized interest. Interest is paid semiannually on April 1 and October 1, and annual principal payments begin April 1, 2028, with final maturity on April 1, 2059. No Series 2024 principal was due in FY2026, so the full $77,515,000 remained outstanding at year-end. In May 2026, $29,455,000 in Series 2026 bonds were issued at 4.75% interest, with interest payable semiannually beginning October 1, 2026, and a single balloon payment of principal due April 1, 2036. The proceeds are financing land acquisition and construction of a permanent Northern Denver facility and improvements at Grand Junction, and funded a debt service reserve and capitalized interest. The Series 2026 bonds were issued at a $569,660 discount, and $20,674 of bond discounts was amortized during the year. The Network also added $2,184,169 in leases and paid $649,151 in lease and SBITA principal. At year-end, loans payable related to the Series 2024 and Series 2026 bonds totaled $105,882,150 ($106,970,000 in principal, net of $1,087,850 in unamortized discounts), and lease and SBITA liabilities totaled $1,948,835. The net impact of all FY2026 long-term financing activity was a $30,441,032 increase in long-term liabilities.

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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

Enrollment and Per Pupil Revenue (PPR): The FY2027 budgets assume 2,641.9 funded pupils across the four schools. This represents an increase of 159.5 (6%) over FY2026 actual funded pupils of 2,482.4, led by Northern Denver (+52.8), Northern Colorado (+41.1), Douglas County (+39.1), and Grand Junction (+26.5). Per-pupil rates are budgeted between $11,292 and $11,364, an average of $11,312, about 2% above the FY2026

actual average of $11,112. Total PPR is budgeted at $29,886,040, an increase of $2,301,570 (8%) over FY2026 actual PPR.

Federal and local revenue: Federal revenue is budgeted at $1,540,512, a decrease of $318,996 (17%) from FY2026 actual federal revenue, as Colorado Charter School Program start-up and expansion grants wind down at the Grand Junction and Northern Denver schools. Local revenue is budgeted at $1,222,749, $394,927 (24%) below FY2026 actual local revenue. FY2026 actuals included higher-than-expected private donations and interest earnings, which the schools have budgeted conservatively for FY2027.

Staffing costs: Contracted staffing and other purchased professional services are budgeted at $25,766,184, an increase of $2,369,135 (10%) over FY2026 actual activity. The increase reflects additional staff to support enrollment growth (about 326 budgeted FTE across the four schools), along with compensation and benefit cost increases.

Facilities: The Building Corp's FY2027 budget includes $16,875,000 for land and improvements to complete the permanent Northern Denver facility and the Grand Junction improvements, funded from Series 2026 bond proceeds, and the Board authorized the use of $17,453,290 of the Building Corp's beginning fund balance for this purpose. Interest expense is budgeted at $5,601,995, an increase of $1,256,495 (29%) over FY2026, reflecting the first full year of interest on the Series 2026 bonds. Base rent paid by the Schools to the Building Corp is budgeted at $4,586,750, an increase of $241,000 over FY2026, under the Series 2024 lease structure. Base rent for the Series 2026 bonds is not expected to begin until FY2028, because interest on those bonds is being paid from a capitalized interest fund ($1,565,081 at June 30, 2026) through FY2027 and part of FY2028.

Internal Service Fund: Health insurance charges to the schools are budgeted at $1,833,935, an increase of $595,298 (48%) over FY2026 actual charges. Budgeted claims and expenses of $1,834,035 are 12% above FY2026 actuals. After using a portion of its reserves in FY2026, the fund is budgeted to operate at break-even in FY2027.

Capital Projects Fund: The Capital Projects Fund budget includes $1,221,702 in expenditures, primarily $800,000 in major renovations and $417,002 in lease payments for mobile classrooms and solar panels. The Board authorized the use of $1,183,760 of the fund's beginning fund balance for these one-time capital needs.

BASIC FINANCIAL STATEMENTS

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and investments	$ 14,944,882
Restricted cash and investments	32,034,155
Grants Receivable	592,252
Intergovernmental Accounts Receivable	356,408
Other Receivables	275,851
Deposits	5,000
Prepaids	62,089
Capital assets not being depreciated	25,414,229
Capital assets net of accumulated depreciation/amortization	46,024,620
Total Assets	119,709,486
LIABILITIES	
Accounts payable and other accrued liabilities	6,429,312
Accrued interest payable	1,338,992
Unearned revenue	115,798
Long-term liabilities	
Due within one year	824,768
Due in more than one year	107,006,217
Total Liabilities	115,715,087
NET POSITION	
Net investment in capital assets	(16,417,493)
Restricted for:	
TABOR	1,100,000
Debt service	8,143,570
Special Education	202,900
Unrestricted	10,965,422
Total Net Position	$ 3,994,399

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
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	$ 16,566,360	$ 4,983,913	$ 7,012,804	$ -	$ (4,569,643)
Supporting services	20,363,386	-	356,879	884,962	(19,121,545)
Interest and other fiscal charges	5,901,810	-	-	-	(5,901,810)
Total governmental activities	$ 42,831,556	$ 4,983,913	$ 7,369,683	$ 884,962	(29,592,998)
General revenues:					
Per pupil revenue					27,584,470
Grants and contributions not restricted to specific programs					401,052
Unrestricted investment earnings					1,226,122
Miscellaneous					53,300
Total general revenues					29,264,944
Change in net position					(328,054)
Net position - beginning					4,322,453
Net position - ending					$ 3,994,399

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Building Corp Fund	Capital Projects Fund	Total
ASSETS				
Cash and investments	$ 11,550,088	$ -	$ 2,922,872	$ 14,472,960
Restricted cash and investments	-	32,034,155	-	32,034,155
Grants receivables	592,252	-	-	592,252
Intergovernmental receivables	356,408	-	-	356,408
Other receivables	275,851	-	-	275,851
Due from other funds	467,245	-	133,135	600,380
Deposits	5,000	-	-	5,000
Prepaids	48,602	13,487	-	62,089
Total Assets	$ 13,295,446	$ 32,047,642	$ 3,056,007	$ 48,399,095
LIABILITIES				
Accounts payable and other accrued liabilities	$ 3,274,602	$ 2,547,289	$ 326,322	$ 6,148,213
Due to other funds	766,541	29,659	-	796,200
Unearned revenue	115,798	-	-	115,798
Total Liabilities	4,156,941	2,576,948	326,322	7,060,211
FUND BALANCE				
Non-spendable	48,602	13,487	-	62,089
Restricted for:				
TABOR	1,100,000	-	-	1,100,000
Debt service	-	9,482,563	-	9,482,563
Capital projects	-	19,974,644	-	19,974,644
Special Education	202,900	-	-	202,900
Assigned for:				
Capital Projects	-	-	2,729,685	2,729,685
Unassigned	7,787,003	-	-	7,787,003
Total Fund Balance	9,138,505	29,470,694	2,729,685	41,338,884
Total Liabilities and Fund Balance	$ 13,295,446	$ 32,047,642	$ 3,056,007	$ 48,399,095

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
RECONCILIATION OF THE GOVERNMENTAL FUNDS 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		$ 41,338,884
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, not being depreciated	$ 25,414,229	
Capital assets, net of accumulated depreciation/amortization	46,024,620	71,438,849
The internal service fund is used by management to charge the cost of insurance to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund are included in the governmental activities of the statement of net position.		386,643
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 payable	$ (107,830,985)	
Accrued interest	(1,338,992)	(109,169,977)
Total Net Position of Governmental Activities		$ 3,994,399

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Building Corp Fund	Capital Projects Fund	Total
REVENUES				
Local sources	$ 1,617,676	$ 5,177,723	$ 144,856	$ 6,940,255
State sources	33,700,015	-	-	33,700,015
Federal sources	1,859,508	-	-	1,859,508
Total revenues	37,177,199	5,177,723	144,856	42,499,778
EXPENDITURES				
Instruction	16,676,080	-	-	16,676,080
Supporting services	18,763,748	57,718	1,782,868	20,604,334
Debt service				
Interest	144,263	4,345,500	32,601	4,522,364
Principal	522,362	-	126,789	649,151
Issuance costs	-	744,030	-	744,030
Facilities acquisition and construction	-	16,538,905	-	16,538,905
Total expenditures	36,106,453	21,686,153	1,942,258	59,734,864
Excess (deficiency) of revenues over expenditures	1,070,746	(16,508,430)	(1,797,402)	(17,235,086)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(1,169,324)	(475,896)	1,370,220	(275,000)
Leases (as lessee)	1,532,142	-	652,027	2,184,169
Proceeds from long-term debt	-	29,455,000	-	29,455,000
Premium (discount) on debt issued	-	(569,660)	-	(569,660)
Total other financing sources (uses)	362,818	28,409,444	2,022,247	30,794,509
Net change in fund balance	1,433,564	11,901,014	224,845	13,559,423
Fund balance, beginning	7,704,941	17,569,680	2,504,840	27,779,461
Fund balance, ending	$ 9,138,505	$ 29,470,694	$ 2,729,685	$ 41,338,884

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

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

Net Change in Fund Balance of Governmental Funds			$ 13,559,423
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. This is the amount by which capital outlays exceeded depreciation in the current year.			
Depreciation/amortization expense	$	(2,252,458)	
Capital outlays		19,534,113	17,281,655
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 the governmental funds. Neither transaction, however, has any effect on net position			
Repayment of principal	$	649,151	
Lease proceeds		(2,184,169)	
Proceeds from long term debt		(28,885,340)	(30,420,358)
The internal service fund is used by management to charge the cost of insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.			(113,357)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			
Accrued interest on long-term debt	$	(614,743)	
Amortization of loan discount		(20,674)	(635,417)
Change in Net Position of Governmental Activities			$ (328,054)

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2026

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	$ 471,922
Due from other funds	195,820
Total assets	667,742
LIABILITIES	
Current liabilities	
Accounts Payable	139,869
Accrued salaries and benefits	141,230
Total liabilities	281,099
NET POSITION	
Unrestricted	$ 386,643

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	$ 1,238,637
OPERATING EXPENSES	
Insurance claims and expenses	1,630,717
Operating income (loss)	(392,080)
OTHER NON-OPERATING REVENUES (EXPENSES)	
Transfers in (out)	275,000
Interest and investment revenue	3,723
Total other non-operating revenue (expenses)	278,723
Increase (decrease) in fund net position	(113,357)
Fund net position - beginning	500,000
Fund net position - ending	$ 386,643

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	$ 1,238,637
Cash payments to suppliers	(1,349,618)
Payments from other funds for services provided	304,180
Net cash provided (used) by operating activities	193,199
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in (out)	275,000
Net cash provided (used) by non-capital financing activities	275,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	3,723
Net increase (decrease) in cash and cash equivalents	471,922
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	$ 471,922

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

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Governmental Activities
	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (392,080)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Due from other funds	304,180
Increase (decrease) in:	
Accounts payable	139,869
Accrued salaries and benefits	141,230
Total adjustments	585,279
Net cash provided (used) by operating activities	$ 193,199

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 Ascent Classical Academy Charter Schools, Inc (the "Network") 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 Network are discussed below.

A. REPORTING ENTITY

The Ascent Classical Academy Charter Schools, Inc is a federal 501(c)(3) tax-exempt, state nonprofit corporation, organized in 2017 pursuant to the Colorado Charter Schools Act to form and operate charter schools within the State of Colorado.

The Network comprises of four charter schools: Ascent Classical Academy of Douglas County ("Douglas County") and Ascent Classical Academy of Northern Colorado ("Northern Colorado") and Ascent Classical Academy Grand Junction ("Grand Junction") and Ascent Classical Academy of Northern Denver ("Northern Denver"). All schools operate under contract with the Colorado Charter School Institute.

The financial reporting entity consists of the Network and organizations for which the Network is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Network. In addition, any legally separate organizations for which the Network is financially accountable are considered part of the reporting entity. Financial accountability exists if the Network appoints a voting majority of the organization's board of directors and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the Network.

Blended component unit. Ascent Colorado Building Corporation (The Building Corp) was organized for the purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property intended to be leased to the Network. The Building Corporation is reported as a special revenue fund and does 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 Network and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by per pupil revenue and intergovernmental revenues.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service 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.

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 Network reports the following major governmental funds:

The *General Fund* is the Network's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The *Capital Projects Fund* accounts for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

Internal Service Funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

The *Internal Service Fund* accounts for financial transactions for services, specifically related to the partially self-funded health insurance plan, that are purchased from an Internal Service Fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School's internal service fund are charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of sales, services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

During the course of operations, the Network 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and proprietary 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 Network considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the Network 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 Network.

D. ASSETS, LIABILITIES, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables

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

Prepaid items

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

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the Network 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 Network 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 Network are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 years
Equipment	5 years

Unearned Revenue

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

At the commencement of a lease, the Network 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 Network determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Network uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Network 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 Network is reasonably certain to exercise.

The Network 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.

Subscription-Based Information Technology Arrangements (SBITAs)

The Network occasionally enters into subscription-based information technology arrangements. The Network recognizes a subscription liability with values of $15,000 or more.

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

Key estimates and judgments related to subscriptions include how the Network determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The Network monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription assets are reported with capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Positions.

Long-term liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type 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.

Net position

For government-wide reporting as well as in proprietary funds, 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 Network 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 Network'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 Network 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 Network'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 Network 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. REVENUES AND EXPENDITURES/EXPENSES.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *noncapital subsidies*, and other *nonoperating* revenues and expenses. Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gain and loses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. A *subsidy* represents amounts received from or provided to another party or fund of the Network. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by the proprietary fund and keeps the fees charged at the same amount or lower if the subsidy was not received, Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the Network charging higher fees in future. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses

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	$ 7,540,390
Cash with fiscal agent	2,329,632
Investments	37,109,015
Total	$ 46,979,037

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

Cash and investments	$ 14,944,882
Restricted cash and investments	32,034,155
Total	$ 46,979,037

Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Network's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the Network's deposits at June 30, 2026 was $7,540,390 and the bank balances were $7,540,151. Of the bank balances, $264,633 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
Fixed Income	$ 27,384,090	Fair value	Up to five years	AA+
CSLIP	4,478,026	Net asset value	Less than 90 days	AAAm
CSAFE	5,246,899	Net asset value	Less than 90 days	AAAm
	$ 37,109,015			

Local Government Investment Pool. Centennial State Liquid Investment Pool (CSLIP) and Colorado Surplus Asset Fund Trust (CSAFE) are investment vehicles 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 Network 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 Network policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the Network's investment in a single issuer. The Network places no limit on the amount it may invest in any one issuer. More than 20 percent of the Network's investments are in Fixed Income. These investments are 73.79% of the Network's total investments.

Fair value of investments. The Network 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.

All of the Network's investments that are measured at fair market value are categorized as Level 2 investments. Network investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the Network's need to account for cross fund activity (including, but not limited to, board-approved fund transfers related to building balances, reimbursements to other funds, and other board approved activities). Balances are routinely cleared as a matter of practice.

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

	Due From Other Funds	Due To Other Funds
General Fund	$ 467,245	$ 766,541
Building Corp Fund	-	29,659
Capital Projects Fund	133,135	-
Internal Service Fund	195,820	-
Total	$ 796,200	$ 796,200

Interfund transfers

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

	Transfers From Other Funds	Transfers To Other Funds
General Fund	$ -	$ 1,169,324
Building Corp Fund	-	475,896
Capital Projects Fund	1,370,220	-
Internal Service Fund	275,000	-
Total	$ 1,645,220	$ 1,645,220

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

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increases	Deletions	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 3,389,474	$14,217,071	$(1,857,316)	$15,749,229
Land	6,475,000	3,190,000	-	9,665,000
Total capital assets not being depreciated	9,864,474	17,407,071	(1,857,316)	25,414,229
Capital assets being depreciated:				
Buildings and improvements	45,292,694	1,604,955	-	46,897,649
Equipment	392,741	195,234	(26,690)	561,285
Total capital assets being depreciated	45,685,435	1,800,189	(26,690)	47,458,934
Less accumulated depreciation for:				
Buildings and improvements	(1,568,591)	(1,291,707)	-	(2,860,298)
Equipment	(187,342)	(82,991)	26,690	(243,643)
Total accumulated depreciation	(1,755,933)	(1,374,698)	26,690	(3,103,941)
Total capital assets being depreciated, net	43,929,502	425,491	-	44,354,993
Lease assets being amortized:				
Buildings and improvements	-	2,136,397	-	2,136,397
Equipment	502,545	47,772	-	550,317
Total lease assets being amortized	502,545	2,184,169	-	2,686,714
Less accumulated amortization for:				
Buildings and improvements	-	(712,132)	-	(712,132)
Equipment	(199,534)	(116,928)	-	(316,462)
Total accumulated amortization	(199,534)	(829,060)	-	(1,028,594)
Total lease assets being amortized, net	303,011	1,355,109	-	1,658,120
SBITA assets being amortized:				
Software	146,100	-	-	146,100
Total SBITA assets being amortized	146,100	-	-	146,100
Less accumulated amortization for:				
Software	(85,893)	(48,700)	-	(134,593)
Total accumulated amortization	(85,893)	(48,700)	-	(134,593)
Total SBITA assets being amortized, net	60,207	(48,700)	-	11,507
Capital assets, net of accumulated depreciation/amortization	44,292,720	1,731,900	-	46,024,620
Total governmental activities capital asset	$54,157,194	$19,138,971	$(1,857,316)	$71,438,849

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	$ 7,000
Supporting services	2,245,458
Total depreciation/amortization expense	$ 2,252,458

NOTE 5 – LEASES

Network as lessee

The Network, as a lessee has entered into lease agreements involving buildings and equipment with lease terms from 2 to 5 years. The total costs of these right-to-use lease assets are recorded as $2,686,714, less accumulated amortization of $1,028,594. The Network 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	$ 788,451	$ 95,626	$ 884,077
2028	1,044,027	56,204	1,100,231
2029	80,040	4,002	84,042
Total	$ 1,912,518	$ 155,832	$ 2,068,350

NOTE 6 – LONG-TERM LIABILITIES

2024 Building Loan

On April 1, 2024, the Colorado Educational and Cultural Facilities Authority issued $77,515,000 of Charter School Revenue Bonds, Series 2024A & B. Proceeds of the bonds were loaned to the Building Corp to finance the cost of the Ascent Classical Academy Charter Schools, Inc. Project. The bonds accrue interest of 4.75% to 5.80% per annum. Principal will be paid on April 1 of each year, commencing April 1, 2028 and interest will be paid semiannually on April 1 and October 1, commencing October 1, 2024. The Loan matures on April 1, 2059.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

2026 Building Loan

On May 21, 2026, the Colorado Educational and Cultural Facilities Authority issued $29,455,000 of Charter School Revenue Bonds, Series 2026. Proceeds of the bonds were loaned to the Building Corp to finance the cost of the Ascent Classical Academy Charter Schools, Inc. Project. The bonds accrue interest of 4.75% per annum. Interest will be paid semiannually on April 1 and October 1, commencing October 1, 2026. The Loan matures on April 1, 2036 with a balloon payment of $29,455,000 due.

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

	Governmental Activities	
Fiscal Year Ending June 30	Principal	Interest
2027	$ -	$ 5,550,291
2028	965,000	5,744,613
2029	1,025,000	5,684,400
2030	1,075,000	5,635,713
2031	1,125,000	5,584,650
2032 - 2036	35,935,000	27,063,139
2037 - 2041	8,335,000	18,217,600
2042 - 2046	10,865,000	15,681,470
2047 - 2051	14,355,000	12,189,820
2052 - 2056	19,030,000	7,516,448
2057 - 2059	14,260,000	1,670,372
Total	$ 106,970,000	$ 110,538,516

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Changes in the Network'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	$ 77,515,000	$ 29,455,000	$ -	$ 106,970,000	$ -
Discounts	(538,864)	(569,660)	20,674	(1,087,850)	-
Total loans payable	76,976,136	28,885,340	20,674	105,882,150	-
Leases	318,563	2,184,169	(590,214)	1,912,518	788,451
SBITAs	95,254	-	(58,937)	36,317	36,317
Total Governmental Activities	$ 77,389,953	$ 31,069,509	$ (628,477)	$ 107,830,985	$ 824,768

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

NOTE 7 - RISK MANAGEMENT

The Network 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 Network 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 8 – COMMITMENTS AND CONTINGENCIES

Grants

The Network 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 Network, any such adjustments will not have a material adverse effect on the financial position of the Network.

Legal

The Network is involved in pending or threatened lawsuits and claims. The Network estimates that potential claims not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the Network.

NOTE 9 - 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 Network 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 $1,100,000 reservation of fund balance in the General Fund for the amendment.

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

REQUIRED SUPPLEMENTARY INFORMATION

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts				
	Original	Final	Variance with Original Budget	Actual Amounts	Variance with Final Budget
REVENUES					
Local sources	$ 967,901	$ 1,373,115	$ (405,214)	$ 1,617,676	$ 244,561
State sources	34,369,150	33,647,517	721,633	33,700,015	52,498
Federal sources	1,738,025	1,757,112	(19,087)	1,859,508	102,396
Total revenues	37,075,076	36,777,744	297,332	37,177,199	399,455
EXPENDITURES					
Instruction	19,056,872	19,896,257	(839,385)	16,676,080	3,220,177
Supporting services	16,263,791	16,659,230	(395,439)	18,763,748	(2,104,518)
Debt service:					
Interest	20,305	134,910	(114,605)	144,263	(9,353)
Principal	157,535	509,661	(352,126)	522,362	(12,701)
Total expenditures	35,498,503	37,200,058	(1,701,555)	36,106,453	1,093,605
Excess (deficiency) of revenues over expenditures	1,576,573	(422,314)	1,998,887	1,070,746	1,493,060
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(20,000)	390,000	(410,000)	(1,169,324)	(1,559,324)
Leases (as lessee)	-	1,484,370	(1,484,370)	1,532,142	47,772
Total other financing sources (uses)	(20,000)	1,874,370	(1,894,370)	362,818	(1,511,552)
Net change in fund balances	1,556,573	1,452,056	104,517	1,433,564	(18,492)
Fund balances - beginning	7,622,701	7,704,943	(82,242)	7,704,941	(2)
Fund balance - ending	$ 9,179,274	$ 9,156,999	$ 22,275	$ 9,138,505	$ (18,494)

See the accompanying Independent Auditors' Report.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
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	$ 4,514,351	$ 4,981,555	$ 467,204	$ 5,177,723	$ 196,168
Total revenues	4,514,351	4,981,555	467,204	5,177,723	196,168
EXPENDITURES					
Supporting Services	36,055	36,055	-	57,718	(21,663)
Debt service					
Interest	4,055,825	4,345,500	(289,675)	4,345,500	-
Issuance costs	-	719,027	(719,027)	744,030	(25,003)
Facilities acquisition and construction	8,400,000	19,817,774	(11,417,774)	16,538,905	3,278,869
Total expenditures	12,491,880	24,918,356	(12,426,476)	21,686,153	3,232,203
Excess (deficiency) of revenues over expenditures	(7,977,529)	(19,936,801)	(11,959,272)	(16,508,430)	3,428,371
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	(362,770)	(362,770)	(475,896)	(113,126)
Proceeds from long-term debt	-	30,437,227	30,437,227	29,455,000	(982,227)
Premium (discount) on debt issued	-	-	-	(569,660)	(569,660)
Total other financing sources (uses)	-	30,074,457	30,074,457	28,409,444	(1,665,013)
Net change in fund balances	(7,977,529)	10,137,656	18,115,185	11,901,014	1,763,358
Fund balances - beginning	16,617,975	17,569,680	951,705	17,569,680	-
Fund balance - ending	$ 8,640,446	$ 27,707,336	$ 19,066,890	$ 29,470,694	$ 1,763,358

See the accompanying Independent Auditors' Report.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
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 Headmaster and Chief Financial Officer submit a proposed budget to the Governing 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 Headmaster and Chief Financial Officer. 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 related to staff salaries and benefits be recorded in the fiscal year earned. Thus, the School budgets for all accrued salaries and benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors throughout the year. All appropriations lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations

For the year ended June 30, 2026, expenditures exceeded appropriations in the Capital Projects Fund by $298,233. These over-expenditures came from Capital Outlay – Lease Expenditures (and the offsetting increase to Lease Proceeds sources) coming higher than budgeted, and from unexpectedly higher late-in-the-year facility project costs. These project costs were funded by greater than anticipated revenues.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

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	967,901	1,373,115	(405,214)
State Sources	34,369,150	33,647,517	721,633
Federal Sources	1,738,025	1,757,112	(19,087)

Expenditures	Original Budget	Final Budget	Difference
Instruction	19,056,872	19,896,257	(839,385)
Supporting Services	16,263,791	16,659,230	(395,439)

The FY2026 budget was amended to reflect actual enrollment of 2,694 students compared to the original budget assumption of 2,740 students. The Amended Budget recognized an additional $200,000 of interest income and $100,000 of private contributions. Expenditures were adjusted to higher than anticipated health insurance costs, such that Benefits increased by $600,000. Contracted Special Education Services increased by $130,000 to address higher-than-anticipated special education requirements. The budget for Capital Outlay – Lease Expenditures increased by $1.5 million (with a corresponding offsetting increase to Lease Proceed) to account for a multi-year property lease agreement that began in FY26.

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	1,373,115	1,617,676	244,561
State Sources	33,647,517	33,700,015	52,498
Federal Sources	1,757,112	1,859,508	102,396

Expenditures	Final Budget	Actual expenditures	Difference
Instruction	19,896,257	16,676,080	3,220,177
Supporting Services	16,659,230	18,763,748	(2,104,518)

Actual local revenue exceeded the final budget by $244,000 due to increased interest income and private contributions. Excess Federal revenue came from additionally allowed reimbursements through the Charter School Program grant.

Differences in Instruction and Support expenditures primarily came from Equipment and Capital Outlay activity that was originally budgeted as Instruction but later accurately expensed and recorded as Support.

Building Corp 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	4,514,351	4,981,555	467,204

Expenditures	Original Budget	Final Budget	Difference
Interest	4,055,825	4,345,500	(289,675)
Issuance Costs	-	719,027	(719,027)
Facilities Acquisition and Construction	8,400,000	19,817,774	(11,417,774)

Other financing sources (uses)	Original Budget	Final Budget	Difference
Transfers in (out)	-	(362,770)	(362,770)
Proceeds from long-term debt	-	30,437,227	30,437,227

The FY2026 budget was amended to reflect a 2026 Bond Financing to acquire the land and fund the improvements to the Northern Denver and Grand Junction campuses. As a result, expenditures increased to account for the costs of issuance and the land and improvement activity. Other financing sources were adjusted to account for the proceeds from long-term debt as well as the transfer of excess interest to the General Fund.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
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:

Revenue source	Final Budget	Actual revenues	Difference
Local Sources	4,981,555	5,177,723	196,168

Expenditures	Final Budget	Actual expenditures	Difference
Facilities acquisition and construction	19,817,774	16,538,905	3,278,869

Other financing sources (uses)	Final Budget	Actual expenditures	Difference
Proceeds from long-term debt	30,437,227	29,455,000	(982,227)
Premium (discount) on debt disused	-	(569,660)	(569,660)

Actual revenue exceeded the final budget by $196,000 due to increased interest income. Expenditures and Other sources were lower than final budget due to actual issuance, land, and improvement activity costs being less conservative than budgeted..

SUPPLEMENTARY INFORMATION

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES			
Local sources	$ 85,000	$ 144,856	$ 59,856
Total revenues	85,000	144,856	59,856
EXPENDITURES			
Supporting services	1,485,210	1,782,868	(297,658)
Debt service:			
Interest	-	32,601	(32,601)
Principal	158,815	126,789	32,026
Total expenditures	1,644,025	1,942,258	(298,233)
Excess (deficiency) of revenues over expenditures	(1,559,025)	(1,797,402)	(238,377)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	472,770	1,370,220	897,450
Leases (as lessee)	478,514	652,027	173,513
Total other financing sources (uses)	951,284	2,022,247	1,070,963
Net change in fund balances	(607,741)	224,845	832,586
Fund balances - beginning	2,504,840	2,504,840	-
Fund balance - ending	$ 1,897,099	$ 2,729,685	$ 832,586

See the accompanying Independent Auditors' Report

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2026

	Douglas County	Northern Colorado	Grand Junction	Northern Denver	Total
ASSETS					
Cash and investments	$ 6,425,723	$ 3,101,343	$ 971,755	$ 1,051,267	$ 11,550,088
Grant receivables	54,261	8,232	215,758	314,001	592,252
Intergovernmental receivables	134,465	96,389	73,679	51,875	356,408
Other receivables	125,000	139,851	11,000	-	275,851
Due from other funds	190,143	2,533	274,569	-	467,245
Deposits	5,000	-	-	-	5,000
Prepaids	30,346	11,347	6,709	200	48,602
Total Assets	6,964,938	3,359,695	1,553,470	1,417,343	13,295,446
LIABILITIES					
Accounts payable and other accrued liabilities	1,368,979	837,406	610,785	457,432	3,274,602
Due to other funds	263,768	243,714	174,867	84,192	766,541
Unearned revenue	96,118	-	120	19,560	115,798
Total Liabilities	1,728,865	1,081,120	785,772	561,184	4,156,941
FUND BALANCE					
Non-spendable	30,346	11,347	6,709	200	48,602
Restricted for:					
TABOR	539,000	251,000	172,000	138,000	1,100,000
Special Education	90,000	73,200	-	39,700	202,900
Unassigned	4,576,727	1,943,028	588,989	678,259	7,787,003
Total Fund Balance	5,236,073	2,278,575	767,698	856,159	9,138,505
Total Liabilities and Fund Balance	$ 6,964,938	$ 3,359,695	$ 1,553,470	$ 1,417,343	$ 13,295,446

See the accompanying independent auditors' report.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Douglas County	Northern Colorado	Grand Junction	Northern Denver	Total
REVENUES					
Local sources	$ 727,638	$ 432,671	$ 261,117	$ 196,250	$ 1,617,676
State sources	13,203,950	9,250,184	6,593,042	4,652,839	33,700,015
Federal sources	242,846	145,209	1,092,267	379,186	1,859,508
Total revenues	14,174,434	9,828,064	7,946,426	5,228,275	37,177,199
EXPENDITURES					
Instruction	6,385,535	4,173,788	3,587,674	2,529,083	16,676,080
Supporting services	6,571,238	4,350,692	4,281,642	3,560,176	18,763,748
Debt service					
Interest	8,774	6,431	27,937	101,121	144,263
Principal	65,137	49,094	33,404	374,727	522,362
Total expenditures	13,030,684	8,580,005	7,930,657	6,565,107	36,106,453
Excess (deficiency) of revenues over expenditures	1,143,750	1,248,059	15,769	(1,336,832)	1,070,746
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(505,100)	(855,100)	195,976	(5,100)	(1,169,324)
Leases (as lessee)	18,631	12,421	9,554	1,491,536	1,532,142
Total other financing sources (uses)	(486,469)	(842,679)	205,530	1,486,436	362,818
Net change in fund balance	657,281	405,380	221,299	149,604	1,433,564
Fund balance, beginning	4,578,792	1,873,195	546,399	706,555	7,704,941
Fund balance, ending	$ 5,236,073	$ 2,278,575	$ 767,698	$ 856,159	$ 9,138,505

See the accompanying independent auditors' report.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DOUGLAS COUNTY
FOR THE YEAR ENDED JUNE 30, 2026

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 617,919	$ 727,638	$ 109,719
State sources	13,191,969	13,203,950	11,981
Federal sources	243,474	242,846	(628)
Total revenues	14,053,362	14,174,434	121,072
EXPENDITURES			
Instruction	7,129,632	6,385,535	744,097
Support services	6,313,958	6,571,238	(257,280)
Debt service	65,910	73,911	(8,001)
Total expenditures	13,509,500	13,030,684	478,816
Excess (deficiency) of revenues over expenditures	543,862	1,143,750	599,888
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(5,000)	(505,100)	(500,100)
Leases (as lessee)	-	18,631	18,631
Total other financing sources (uses)	(5,000)	(486,469)	(481,469)
Net change in fund balance	538,862	657,281	118,419
Fund balance, beginning	4,578,792	4,578,792	-
Fund balance, ending	$ 5,117,654	$ 5,236,073	$ 118,419

See the accompanying independent auditors' report.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
NORTHERN COLORADO
FOR THE YEAR ENDED JUNE 30, 2026

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 376,634	$ 432,671	$ 56,037
State sources	9,238,711	9,250,184	11,473
Federal sources	145,755	145,209	(546)
Total revenues	9,761,100	9,828,064	66,964
EXPENDITURES			
Instruction	4,370,538	4,173,788	196,750
Support services	4,291,230	4,350,692	(59,462)
Debt service	53,379	55,525	(2,146)
Total expenditures	8,715,147	8,580,005	135,142
Excess (deficiency) of revenues over expenditures	1,045,953	1,248,059	202,106
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(95,000)	(855,100)	(760,100)
Leases (as lessee)	-	12,421	12,421
Total other financing sources (uses)	(95,000)	(842,679)	(747,679)
Net change in fund balance	950,953	405,380	(545,573)
Fund balance, beginning	1,873,197	1,873,195	(2)
Fund balance, ending	$ 2,824,150	$ 2,278,575	$ (545,575)

See the accompanying independent auditors' report.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GRAND JUNCTION
FOR THE YEAR ENDED JUNE 30, 2026

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 180,338	$ 261,117	$ 80,779
State sources	6,634,298	6,593,042	(41,256)
Federal sources	962,487	1,092,267	129,780
Total revenues	7,777,123	7,946,426	169,303
EXPENDITURES			
Instruction	4,019,658	3,587,674	431,984
Support services	4,072,606	4,281,642	(209,036)
Debt service	56,082	61,341	(5,259)
Total expenditures	8,148,346	7,930,657	217,689
Excess (deficiency) of revenues over expenditures	(371,223)	15,769	386,992
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	375,000	195,976	(179,024)
Leases (as lessee)	-	9,554	9,554
Total other financing sources (uses)	375,000	205,530	(169,470)
Net change in fund balance	3,777	221,299	217,522
Fund balance, beginning	546,399	546,399	-
Fund balance, ending	$ 550,176	$ 767,698	$ 217,522

See the accompanying independent auditors' report.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
NORTHERN DENVER
FOR THE YEAR ENDED JUNE 30, 2026

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 198,224	$ 196,250	$ (1,974)
State sources	4,582,539	4,652,839	70,300
Federal sources	405,396	379,186	(26,210)
Total revenues	5,186,159	5,228,275	42,116
EXPENDITURES			
Instruction	4,376,429	2,529,083	1,847,346
Support services	1,981,436	3,560,176	(1,578,740)
Debt service	469,200	475,848	(6,648)
Total expenditures	6,827,065	6,565,107	261,958
Excess (deficiency) of revenues over expenditures	(1,640,906)	(1,336,832)	304,074
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	115,000	(5,100)	(120,100)
Leases (as lessee)	1,484,370	1,491,536	7,166
Total other financing sources (uses)	1,599,370	1,486,436	(112,934)
Net change in fund balance	(41,536)	149,604	191,140
Fund balance, beginning	706,555	706,555	-
Fund balance, ending	$ 665,019	$ 856,159	$ 191,140

See the accompanying independent auditors' report.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC
INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2026

	Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Charges for services	$ 1,294,814	$ 1,238,637	$ (56,177)
Total operating revenues	1,294,814	1,238,637	(56,177)
OPERATING EXPENSES			
Insurance claims and expenses	1,774,814	1,630,717	144,097
Operating income (loss)	(480,000)	(392,080)	87,920
OTHER NON-OPERATING REVENUES (EXPENSES)			
Transfers in (out)	-	275,000	275,000
Interest and investment revenue	-	3,723	3,723
Total other non-operating revenue (expenses)	-	278,723	278,723
Increase (decrease) in fund net position	(480,000)	(113,357)	366,643
Fund net position - beginning	500,000	500,000	-
Fund net position - ending	$ 20,000	$ 386,643	$ 366,643

See the accompanying independent auditors' report.

COMPLIANCE SECTION

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Ascent Classical Academy Charter Schools, Inc

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ascent Classical Academy Charter Schools, Inc, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise Ascent Classical Academy Charter Schools, Inc's basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ascent Classical Academy Charter Schools, Inc's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ascent Classical Academy Charter Schools, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Ascent Classical Academy Charter Schools, Inc's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ascent Classical Academy Charter Schools, Inc's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Colorado Springs, Colorado
October 14, 2026