THE ACADEMY OF CHARTER SCHOOLS

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2026

THE ACADEMY OF CHARTER SCHOOLS
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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Academy of Charter Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Academy of Charter Schools, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise The Academy of Charter Schools's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Academy of Charter Schools, 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 Academy of Charter Schools 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, The Academy of Charter Schools restated prior period balances for unrecorded leases and to report The Academy of Charter Schools Building Corp as a blended component unit. Our opinion is not modified with respect to this matter.

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 Academy of Charter Schools'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 Academy of Charter Schools'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 Academy of Charter Schools'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2026 on our consideration of The Academy of Charter Schools's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Academy of Charter Schools's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Academy of Charter Schools's internal control over financial reporting and compliance.



Colorado Springs, Colorado
October 20, 2026

The Academy of Charter Schools, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of The Academy of Charter Schools, we offer readers of The Academy's basic financial statements this narrative and analysis of the financial activities of The Academy for the fiscal year ended June 30, 2026. The purpose of this Management's Discussion and Analysis is to provide an overview of The Academy's financial position and results of operations, including significant changes from the prior fiscal year.

Financial Highlights

The Academy continued to strengthen its overall financial position during fiscal year 2026. The most significant indicators of this improvement were the continued growth in the General Fund balance, increased cash and investments, substantial investment in capital assets, and a reduction in long-term liabilities.

- FY2026 government-wide revenues increased by approximately $5.6 million, or 18.0 percent, compared with FY2025. The increase was driven primarily by higher per-pupil revenue, a significant increase in mill levy revenue, and increased program revenues associated with Academy operations and capital activities.
- The General Fund balance increased by $2,832,263, from $15,990,371 at June 30, 2025 to $18,822,634 at June 30, 2026. The continued growth in General Fund balance provides The Academy with increased financial flexibility and resources to support ongoing operations, facility needs, and future strategic priorities.
- Cash and investments increased from $16,435,786 at June 30, 2025 to $20,711,632 at June 30, 2026, an increase of $4,275,846, or approximately 26.0 percent. The increase reflects the Academy's continued conservative financial management and the accumulation of resources to support both ongoing operations and planned capital investments.
- The Academy continued its investment in the Main Campus addition, remodel, and renovation project during FY2026. The project was not fully completed by June 30, 2026, and the remaining portion is expected to be completed during fiscal year 2027.
- Net capital assets increased from approximately $26.5 million at June 30, 2025 to approximately $36.6 million at June 30, 2026, an increase of approximately $10.1 million, or 37.9 percent. The increase reflects continued investment in The Academy's facilities, including significant construction and renovation activity at the Main Campus.
- During FY2026, The Academy recorded approximately $10.8 million in capital asset additions. Construction in progress increased by approximately $8.5 million, while buildings and improvements increased by approximately $2.2 million.
- The Academy's government-wide net position improved from a restated deficit of $5,718,049 at June 30, 2025 to a deficit of $1,278,861 at June 30, 2026. This represents an improvement of $4,439,188, or approximately 77.6 percent of the prior-year deficit. The Academy continues to report a negative government-wide net position primarily because the government-wide financial statements recognize long-term obligations, including the Academy's proportionate share of the

PERA pension liability, OPEB liability, long-term debt, compensated absences, and other long-term obligations.

- Long-term liabilities decreased from approximately $67.3 million at the beginning of FY2026 to approximately $64.0 million at June 30, 2026, a decrease of approximately $3.3 million, or 5.0 percent. The decrease was primarily attributable to reductions in the Academy's pension, OPEB, and debt-related obligations.
- The Academy's net pension liability decreased from $26,849,700 at June 30, 2025 to $24,962,021 at June 30, 2026, a decrease of $1,887,679, or approximately 7.0 percent.
- The Academy maintained a conservative approach to budgeting while continuing to make strategic investments in instructional programs, facilities, employee compensation, and student support.

OVERVIEW OF FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to The Academy's basic financial statements and provide an analytical overview of The Academy's financial activities.

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The Academy reports its General Fund and Building Corp Fund as major governmental funds. The General Fund is The Academy's primary operating fund and accounts for the financial resources used to provide educational services and support The Academy's day-to-day operations.

The Building Corp Fund accounts for resources associated with The Academy's facilities, including facilities acquisition and construction and related debt service.

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

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

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

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

Types of Information Reported in the School's Financial Statements

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

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

Change in Financial Reporting Presentation

During FY2026, The Academy changed the presentation of the Building Corporation. In FY2025, the Building Corporation was reported as a proprietary/internal service fund. During FY2026, the Building Corporation was determined to be a blended component unit and its activities are now reported within the governmental funds as a special revenue fund.

The FY2026 financial statements restate prior-period balances to reflect this change in presentation, as well as to recognize previously unrecorded lease assets and liabilities. The June 30, 2025 Building Corp fund balance of $14,315,177 shown in the FY2026 financial statements represents the restated beginning balance for the Building Corp Fund.

Because of this change in presentation, certain FY2025 and FY2026 fund-level amounts are not directly comparable without considering the restatement. The government-wide analysis below focuses on the overall financial position of The Academy, while fund-level comparisons identify the effect of the change in reporting presentation where appropriate. Although the audit reflects the restatement described in Note 12 as an error correction, The Academy's management believes the reinstatement resulted from the change in financial reporting practices rather than the correction of a prior year error.

ANALYSIS OF THE SCHOOL'S FINANCES

Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Current and other assets	$ 27,283,652	$ 31,526,912	-13.5%
Capital assets, net	36,592,453	26,540,111	37.9%
Total assets	63,876,105	58,067,023	10.0%
Deferred outflows of resources	4,578,997	5,737,042	-20.2%
Long-term liabilities	64,001,190	66,667,089	-4.0%
Other liabilities	2,448,676	1,729,326	41.6%
Total liabilities	66,449,866	68,396,415	-2.8%
Deferred inflows of resources	3,284,097	1,122,589	192.5%
Net position			
Net investment in capital assets	3,259,969	1,476,726	120.8%
Restricted	3,018,142	694,963	916.9%
Unrestricted	(7,556,972)	(7,886,628)	47.2%
Total net position	$ (1,278,861)	$ (5,714,939)	-77.6%

Government activities

The Academy's government-wide financial activity also showed continued positive financial performance. The increase in assets was driven primarily by growth in cash and investments and significant investment in capital assets. The Academy's capital assets increased by approximately $10.1 million during the year as The Academy continued its Main Campus addition, remodel, and renovation.

At the same time, long-term liabilities decreased by approximately $3.3 million. The decrease was primarily associated with reductions in the Academy's net pension and OPEB liabilities and principal payments on outstanding debt.

Although The Academy continues to report a negative government-wide net position, the deficit decreased substantially during FY2026. The government-wide net position deficit improved from $5.718 million at June 30, 2025, as restated, to $1.279 million at June 30, 2026.

Changes in Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Revenues			
Program Revenues:			
Charges for services	$ 4,997,209	$ 1,957,276	155.3%
Operating grants and contributions	3,089,656	3,051,035	1.3%
Capital grants and contributions	965,205	711,906	35.6%
General revenues:			
Property taxes/District mill levy	5,919,703	3,684,628	60.7%
State equalization/PPR	20,937,414	20,270,752	3.3%
Grants and contributions not restricted to specific programs	121,545	233,356	-47.9%
Unrestricted investment earnings	792,739	827,179	-4.2%
Miscellaneous	10,901	469,674	-97.7%
Total revenues	36,834,372	31,205,806	18.0%
Expenses			
Instruction	5,590,897	13,312,225	-58.0%
Supporting services	24,864,706	11,386,468	118.4%
Interest and fiscal charges	1,939,581	1,513,627	28.1%
Total Expenses	32,395,184	26,212,320	23.6%
Change in net position	4,439,188	4,993,486	-11.1%
Net position - beginning	(5,718,049)	(10,708,425)	-46.6%
Net position - ending	$ (1,278,861)	$ (5,714,939)	-77.6%

It is important to recognize that the government-wide deficit does not represent a deficit in the Academy's available operating resources. Government-wide financial statements include long-term obligations such as debt and compensated absences that are not reported as expenditures or liabilities in the governmental fund statements until they become due and payable.

Government-wide revenues increased approximately 18.0 percent compared with FY2025. Program revenues increased approximately $3.3 million, or 58.2 percent, while general revenues increased approximately $2.3 million, or 9.0 percent.

Per-pupil revenue increased from $20,270,752 to $20,937,414, an increase of $666,662, or approximately 3.3 percent. District mill levy revenue increased significantly from $3,684,628 to $5,919,703, an increase of $2,235,075, or approximately 60.7 percent

Program revenues also increased substantially. Charges for services increased from $1,957,276 to $4,997,209, while operating grants and contributions increased modestly from $3,051,035 to $3,089,656. Capital grants and contributions increased from $711,906 to $965,205.

Total expenses increased approximately $6.2 million. The largest increase occurred in supporting services, which increased from $12.1 million in FY2025 to $24.9 million in FY2026. This increase is significantly affected by the FY2026 reporting change that incorporates the Building Corporation into governmental activities. Accordingly, the increase in supporting services should not be interpreted solely as an increase in the Academy's traditional operating costs.

Instructional expenses decreased on the government-wide Statement of Activities from $12.6 million to approximately $5.6 million. This change is also substantially affected by the change in presentation and classification of Building Corporation activities and therefore does not represent a comparable measure of the Academy's instructional operating expenditures. The General Fund expenditure analysis below provides a more meaningful comparison of The Academy's operating activity.

Despite the increase in expenses, the Academy generated a positive change in net position of $4,439,188 in FY2026

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

The Academy participates in the statewide PERA and OPEB program administered by the State of Colorado. Each year The Academy records its proportional share of the State's unfunded pension and OPEB liability. The Academy also records its proportional share of the related deferred inflows and outflows related to these items. These calculations are complex and can vary greatly from year to year and additional information can be found in the notes to the financial statements NOTE 1 Page 12. It is important to note that even though The Academy's proportionate share of the unfunded liability is included in our financial reports, it will never be an expense realized by The Academy. If an employee leaves, the liability leaves as well. If an employee retires, the expense shifts to the state agency and does not remain with The Academy.

Accordingly, Management believes it is important to disclose what net position would be if these items were excluded.

Net Position Excluding Pension and OPEB Related Items			
			Total
	Governmental		Percentage
	Activities		Change
	2026	2025	2026-2025
Total net position	$ (1,278,861)	$ (5,714,939)	-77.6%
Add net pension liability	(24,962,021)	(26,849,700)	-7.0%
Add OPEB liability	(275,866)	(476,389)	-42.1%
Add deferred pension inflows	(2,994,511)	(865,229)	246.1%
Add deferred OPEB inflows	(289,586)	(257,360)	12.5%
Less deferred pension outflows	3,575,286	4,675,868	-23.5%
Less deferred OPEB outflows	134,145	129,884	3.3%
Total net position excluding pension and OPEB related items	$ (26,091,414)	$ (29,357,865)	-11.1%

Governmental Funds

Governmental fund financial statements focus on near-term inflows, outflows, and balances of spendable resources. This information is particularly useful in assessing the Academy's current financial resources and financing requirements.

At June 30, 2026, The Academy reported total governmental fund balance of $24,908,754, consisting of:

- General Fund balance of $18,822,634; and
- Building Corp Fund balance of $6,086,120.

The combined governmental fund balance at June 30, 2026 represents a decrease from the restated beginning balance of $30,305,548. This decrease is primarily attributable to the use of Building Corp resources for capital construction and related debt service.

The General Fund continued to strengthen during the year, while the Building Corp Fund utilized accumulated resources to fund the Academy's ongoing facilities program.

General Fund

The General Fund is the Academy's primary operating fund.

Revenues, Expenditures, and Changes in Fund Balances

	General Fund	
	2026	2025
Revenues		
Local sources	$ 2,498,643	$ 26,666,587
State sources	29,373,605	3,920,137
Federal sources	1,443,805	-
Total revenues	33,316,053	30,586,724
Expenditures		
Instruction	14,647,000	13,056,372
Supporting services	13,620,615	14,001,800
Debt service	2,229,965	-
Total Expenditures	30,497,580	27,058,172
Excess (deficiency) of revenues over expenditures	2,818,473	3,528,552
Other financing sources (uses)		
Long-term debt proceeds	-	-
Transfers	13,790	13,867
Total other financing sources (uses)	13,790	13,867
Net change in fund balances	2,832,263	3,542,419
Fund balance - beginning	15,990,371	12,447,952
Fund balance - ending	$ 18,822,634	$ 15,990,371

General Fund revenues increased $2.7 million, or 8.9 percent, compared with FY2025. State funding remained the Academy's largest revenue source, with $29.4 million received during FY2026. Federal revenue increased to approximately $1.4 million.

The increase in General Fund expenditures was primarily attributable to higher instructional and facility-related expenditures. Instruction increased from $12.4 million in FY2025 to $14.6 million in FY2026. Supporting services decreased from $14.0 million to $13.6 million. FY2026 also included approximately

$2.2 million of facilities acquisition and construction expenditures and approximately $70,000 of debt service expenditures in the General Fund.

The General Fund ended FY2026 with a balance of $18,822,634, an increase of $2,832,263, or 17.7 percent.

The Academy continues to maintain a conservative approach to the use of General Fund resources. The growth in fund balance provides additional flexibility to address future enrollment and funding changes, facility needs, debt obligations, and other strategic priorities.

Building Corp Fund

The Building Corp Fund represents the financial resources associated with The Academy's facilities program and related debt service.

As discussed previously, the FY2026 financial statements present the Building Corporation as a blended component unit within the governmental funds as a special revenue fund. This represents a change from FY2025, when the Building Corporation was presented as a proprietary/internal service fund.

The FY2026 beginning Building Corp Fund balance was restated to $14,315,177. During FY2026, the fund generated $3,423,751 in revenue and incurred $11,639,018 in expenditures, including $8,575,081 of supporting services and $3,063,937 of debt service. The resulting decrease in fund balance was $8,229,057, resulting in an ending fund balance of $6,086,120.

The decrease in Building Corp resources is consistent with The Academy's continued investment in its facilities. Resources were used to fund construction and renovation activities at the Main Campus as well as required debt service.

Because the Building Corporation was reported differently in FY2025, the FY2025 proprietary fund net position of $(316,926) should not be directly compared with the FY2026 Building Corp governmental fund balance of $6,086,120. The FY2026 financial statements restate the FY2025 Building Corp activity to provide the appropriate governmental-fund presentation going forward.

Capital Assets and Long-Term Financing

The Academy's investment in capital assets increased significantly during FY2026.

Capital Assets	FY2026	FY2025	Change
Capital assets, net	$36,592,453	$26,540,111	$10,052,342
Construction in progress	$10,165,039	$1,627,770	$8,537,269
Buildings and improvements	$32,165,484	$29,919,928	$2,245,556
Land	$4,120,406	$4,120,406	—
Equipment	$1,853,821	$1,853,821	—

The Academy recorded approximately $10.8 million of capital asset additions during FY2026. The majority of this investment was related to construction in progress and improvements to The Academy's existing facilities.

The continued capital investment reflects the Academy's long-term commitment to maintaining and improving its facilities to support educational programs and future operational needs.

Long-Term Debt

The Academy's total bonds and notes payable were $38,111,000 at June 30, 2026, compared with $39,341,000 at the beginning of the fiscal year. The Academy made $1,230,000 of principal payments during FY2026.

The Academy continues to have two significant financing arrangements. The 2020 debt carries an interest rate of 3.9 percent, while the $14.5 million Charter School Revenue Notes issued in 2024 carry an interest rate of 6.12 percent and mature in December 2031.

The Academy's long-term debt is associated primarily with the financing of its facilities. The Academy continues to make scheduled principal and interest payments in accordance with its financing agreements.

In addition to debt, the Academy's long-term liabilities include compensated absences, lease liabilities, pension obligations, and OPEB obligations. Total governmental long-term liabilities decreased from $67.3 million to $64.0 million during FY2026.

Budgetary Highlights

The Academy adopted its FY2026 General Fund budget based on enrollment projections and anticipated state, federal, and local funding. The budget was subsequently amended to reflect actual enrollment and updated funding information.

The final General Fund budget projected revenues of $33,157,071 and expenditures of $33,157,071.

Actual revenues were $33,316,053, exceeding the final budget by $178,982. Actual expenditures were $30,497,580, which was $2,659,491 below the final budget.

The most significant favorable expenditure variances were:

General Fund Expenditure	Final Budget	Actual Favorable	Variance
Instruction	$15,653,471	$14,647,000	$1,006,471
Supporting services	$14,464,324	$13,620,615	$843,709
Facilities acquisition and construction	$3,039,276	$2,159,633	$879,643

The Academy's actual results exceeded the final budget by $2,832,263 in terms of the increase in fund balance.

The final budget was amended during FY2026 to reflect actual enrollment of 1,832.88 students. State Equalization Funding increased by approximately $189,000, while additional Mill Levy Equalization funding increased projected revenue by approximately $2.25 million. Federal grant funding increased by approximately $221,000.

The Academy also increased its budget for contracted special education services, ongoing maintenance, roof repairs and building improvements, and capital improvements.

Actual results were favorable to the final budget. State funding exceeded the final budget by approximately $175,000, primarily due to additional special education revenue received from The Academy's authorizer and additional revenue associated with the Summer Camp Program.

Salary and benefit expenditures were lower than anticipated, primarily due to the Academy's inability to fill several hard-to-fill Special Education positions. Facility improvement expenditures were also below budget due to the timing of planned projects.

Building Corp Fund Budget

The Building Corp Fund budget anticipated $3,423,751 of revenue and $14,333,783 of expenditures.

Actual expenditures totaled $11,639,018, resulting in a favorable expenditure variance of $2,694,765.

The largest favorable variance was in supporting services, which were $2,694,265 below budget.

The Academy borrowed additional funding to complete the Main Campus addition, remodel, and renovation. The original budget assumed the project would be completed by June 30, 2026; however, the remaining portion of the project is expected to be completed during FY2027.

Factors Expected to Affect the Academy's Future Financial Position

The Academy enters FY2027 with a stronger financial position than it had at the beginning of FY2026. Continued growth in General Fund balance, increased cash and investments, and the significant improvement in government-wide net position provide a stronger financial foundation for future operations.

At the same time, management recognizes several factors that will continue to affect The Academy's future financial position.

First, The Academy's financial position remains closely tied to enrollment and state funding. Per-pupil funding and other state-supported revenues represent a substantial portion of The Academy's annual operating resources. Changes in enrollment, state funding formulas, Mill Levy Equalization funding, or federal funding could materially affect future revenues.

Second, The Academy will continue to monitor the financial impact of its facilities program. The Main Campus addition, remodel, and renovation project is expected to have remaining activity in FY2027.

Management will continue to monitor construction costs, project timing, available resources, and debt-service requirements.

Third, the Academy will continue to manage its existing debt obligations carefully. Although The Academy reduced its long-term liabilities during FY2026, significant debt obligations remain associated with its facilities, including a balloon payment of $12,335,978.76 due on December 15, 2031. Maintaining adequate operating resources and cash reserves to meet these obligations remains an important financial priority.

Finally, The Academy will continue to monitor pension and OPEB obligations reported under GASB standards. Changes in The Academy's proportionate share of PERA liabilities, actuarial assumptions, investment performance, and other factors can significantly affect government-wide financial statements even though these amounts do not represent current-year cash obligations of The Academy.

Management will continue to emphasize conservative budgeting, careful monitoring of enrollment and revenues, responsible expenditure management, and strategic use of available resources while maintaining The Academy's commitment to educational programming, staff investment, student services, and long-term facility needs.

Conclusion

The Academy's financial results for FY2026 demonstrate continued progress in strengthening its overall financial position. The General Fund balance increased to $18.8 million, cash and investments increased to $20.7 million, and the government-wide net position deficit improved by $4.4 million to $1.3 million.

At the same time, The Academy made significant investments in its facilities, with approximately $10.8 million in capital asset additions during the year. The Academy also reduced its long-term liabilities by approximately $3.3 million.

The Academy remains focused on maintaining strong financial stewardship while balancing current educational needs with long-term strategic investments. Management believes that The Academy's improved operating resources, continued growth in fund balance, reduction in long-term liabilities, and ongoing oversight of its facilities and debt position provide a stronger financial foundation as The Academy moves into FY2027.

Requests for Information

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

Executive Director

The Academy of Charter Schools, Inc.

11800 Lowell Blvd.

Westminster, CO 80031

BASIC FINANCIAL STATEMENTS

THE ACADEMY OF CHARTER SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and investments	$ 20,711,632
Restricted cash and investments	6,086,120
Grants receivable	134,986
Other receivables	350,914
Capital assets not being depreciated	14,285,445
Capital assets, net of accumulated depreciation/amortization	22,307,008
Total Assets	63,876,105
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges	869,566
Deferred pension outflows	3,575,286
Deferred OPEB outflows	134,145
Total Deferred Outflows of Resources	4,578,997
LIABILITIES	
Accounts payable and other accrued liabilities	1,309,807
Accrued salaries and benefits	1,017,698
Unearned revenue	47,393
Accrued interest payable	73,778
Long-term liabilities	
Due within one year	1,488,320
Due in more than one year	37,274,983
Net pension liability	24,962,021
Net OPEB liability	275,866
Total Liabilities	66,449,866
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	2,994,511
Deferred OPEB inflows	289,586
Total Deferred Inflows of Resources	3,284,097
NET POSITION	
Net investment in capital assets	3,259,969
Restricted for:	
Debt Service	1,963,142
Special education	90,000
TABOR	965,000
Unrestricted	(7,556,972)
Total Net Position (deficit)	$ (1,278,861)

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

THE ACADEMY OF CHARTER SCHOOLS
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	$ 5,590,897	$ 1,319,423	$ 1,684,252	$ 965,205	$ (1,622,017)
Supporting services	24,864,706	3,677,786	1,405,404	-	(19,781,516)
Interest	1,939,581	-	-	-	(1,939,581)
Total governmental activities	$ 32,395,184	$ 4,997,209	$ 3,089,656	$ 965,205	(23,343,114)
General revenues:					
Per pupil revenue					20,937,414
District mill levy					5,919,703
Grants and contributions not restricted to specific programs					121,545
Unrestricted investment earnings					792,739
Miscellaneous					10,901
Total general revenues					27,782,302
Change in net position					4,439,188
Net position - beginning, as restated					(5,718,049)
Net position - ending (deficit)					$ (1,278,861)

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

THE ACADEMY OF CHARTER SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Building Corp Fund	Total
ASSETS			
Cash and investments	$ 20,711,632	$ -	$ 20,711,632
Restricted cash and investments	-	6,086,120	6,086,120
Grants receivable	134,986	-	134,986
Other receivables	350,914	-	350,914
Total Assets	$ 21,197,532	$ 6,086,120	$ 27,283,652
LIABILITIES			
Accounts payable and other accrued liabilities	$ 1,309,807	$ -	$ 1,309,807
Accrued salaries and benefits	1,017,698	-	1,017,698
Unearned revenue	47,393	-	47,393
Total Liabilities	2,374,898	-	2,374,898
FUND BALANCE			
Restricted for:			
Debt service	-	2,036,917	2,036,917
Capital projects	-	4,049,203	4,049,203
Special education	90,000	-	90,000
TABOR	965,000	-	965,000
Unassigned	17,767,634	-	17,767,634
Total Fund Balance	18,822,634	6,086,120	24,908,754
Total Liabilities and Fund Balance	$ 21,197,532	$ 6,086,120	$ 27,283,652

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

THE ACADEMY OF CHARTER SCHOOLS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

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

Total Fund Balance of Governmental Funds		$ 24,908,754
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	$ 14,285,445	
Capital assets, net of accumulated depreciation	22,307,008	36,592,453
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	$ (38,251,250)	
Accrued interest	(73,778)	
Deferred on refunding	869,566	
Compensated absences	(512,053)	
Net pension liability	(24,962,021)	
Pension outflows	3,575,286	
Pension inflows	(2,994,511)	
Net OPEB liability	(275,866)	
OPEB outflows	134,145	
OPEB inflows	(289,586)	(62,780,068)
Total Net Position of Governmental Activities		$ (1,278,861)

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

THE ACADEMY OF CHARTER SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Building Corp Fund	Total
REVENUES			
Local sources	$ 2,498,643	$ 3,423,751	$ 5,922,394
State sources	29,373,605	-	29,373,605
Federal sources	1,443,805	-	1,443,805
Total revenues	33,316,053	3,423,751	36,739,804
EXPENDITURES			
Instruction	14,647,000	-	14,647,000
Supporting services	13,620,615	8,575,081	22,195,696
Debt service			
Interest	10,028	1,833,937	1,843,965
Principal	60,304	1,230,000	1,290,304
Facilities acquisition and construction	2,159,633	-	2,159,633
Total expenditures	30,497,580	11,639,018	42,136,598
Excess (deficiency) of revenues over expenditures	2,818,473	(8,215,267)	(5,396,794)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	13,790	(13,790)	-
Total other financing sources (uses)	13,790	(13,790)	-
Net change in fund balance	2,832,263	(8,229,057)	(5,396,794)
Fund balance, beginning, as restated	15,990,371	14,315,177	30,305,548
Fund balance, ending	$ 18,822,634	$ 6,086,120	$ 24,908,754

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

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

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

Net Change in Fund Balance of Governmental Funds		$ (5,396,794)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation/amortization expense	$ (927,927)	
Capital outlays	10,782,826	9,854,899
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Debt principal payments		1,290,304
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	$ (33,892)	
Amortization of bond premiums and discounts and deferred amounts on refunding	(61,724)	
Compensated absences	(43,978)	
Changes in pension related items	(1,342,185)	
Changes in OPEB related items	172,558	(1,309,221)
Change in Net Position of Governmental Activities		$ 4,439,188

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

A. REPORTING ENTITY

The School was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School operates under a charter school agreement with Colorado Charter School Institute (the Institute). The School began operations in the Fall of 1994.

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The School reports the following major governmental funds:

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

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

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the School the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

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

Cash and cash equivalents

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

Investments

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

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

Receivables

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

Prepaid items

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

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

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

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

Buildings and improvements	10 - 50 years
Furniture and equipment	8 - 20 years

Accrued Salaries and Benefits

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

Unearned Revenue

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

Deferred outflows/inflows of resources

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

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

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

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

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

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

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

Long-term liabilities

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Other Post Employment Benefit (OPEB) Plan

The Academy of Charter Schools participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance classification

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

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

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

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

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

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

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

E. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

F. ESTIMATES

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

G. UPCOMING ACCOUNTING AND REPORTING CHANGES

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Deposits	$ 16,395,375
Investments	10,402,377
Total	$ 26,797,752

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

Cash and investments	$ 20,711,632
Restricted cash and investments	6,086,120
Total	$ 26,797,752

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions

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

The carrying amount of the School's deposits at June 30, 2026 was $16,395,375 and the bank balances were $16,783,535. Of the bank balances, $250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

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

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

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

Investment Type	Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
CSAFE	$ 10,400,995	Net asset value	Less than 90 days	AAAm
Money Market	1,382	Amortized cost	Less than 90 days	AAA
	$ 10,402,377			

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (CSAFE) and Colorado Surplus Asset Fund Trust (CSAFE) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating Local Government Investment Pools in the state of Colorado. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the School's investment in a single issuer. The School places no limit on the amount it may invest in any one issuer. More than 20 percent of the School's investments are in CSAFE. These investments are 99.9% of the School's total investments.

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

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

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

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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	$ 13,790	$ -
Building Corp Fund	-	13,790
Total	$ 13,790	$ 13,790

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

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance, As restated	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Construction in progress	$ 1,627,770	$ 8,537,269	$ -	$ 10,165,039
Land	4,120,406	-	-	4,120,406
Total capital assets not being depreciated	5,748,176	8,537,269	-	14,285,445
Capital assets being depreciated:				
Buildings and improvements	29,919,928	2,245,556	-	32,165,484
Furniture and equipment	1,853,821	-	-	1,853,821
Total capital assets being depreciated	31,773,749	2,245,556	-	34,019,305
Less accumulated depreciation for:				
Buildings and improvements	(10,367,691)	(714,713)	-	(11,082,404)
Furniture and equipment	(614,123)	(160,658)	-	(774,781)
Total accumulated depreciation	(10,981,814)	(875,371)	-	(11,857,185)
Total capital assets being depreciated, net	20,791,935	1,370,185	-	22,162,120
Lease assets being amortized:				
Furniture and equipment	315,333	-	-	315,333
Total lease assets being amortized	315,333	-	-	315,333
Less accumulated amortization for:				
Furniture and equipment	(117,889)	(52,556)	-	(170,445)
Total accumulated amortization	(117,889)	(52,556)	-	(170,445)
Total lease assets being depreciated, net	197,444	(52,556)	-	144,888
Capital assets, net of accumulated depreciation/amortization	20,989,379	1,317,629	-	22,307,008
Total governmental activities capital assets	$ 26,737,555	$ 9,854,898	$ -	$ 36,592,453

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

Governmental Activities	
Instruction	$ 927,927

NOTE 5 – LEASES

School as lessee

The School, as a lessee, has entered into lease agreements involving equipment with lease terms of 6 years. The total costs of these right-to-use lease assets are recorded as $315,333, less accumulated amortization of $170,445. The School has determined that as of June 30, 2026, there is no loss associated with an impairment of the right-to-use lease asset.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2027	$ 63,320	$ 7,012	$ 70,332
2028	63,809	3,847	67,656
2029	13,121	656	13,777
Total	$ 140,250	$ 11,515	$ 151,765

NOTE 6 – LONG-TERM LIABILITIES

2020 Notes Payable

In May 2020, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $20,660,000 Charter School Revenue Note, Series 2020A and $8,795,000 in Charter School Revenue Note, Series 2020B. Proceeds from the notes were loaned to the Building Corp to purchase land and construct an additional educational facility. The School is obligated under a lease agreement to make monthly lease payments to the Building Corp. for using the facilities. The Building Corporation is required to make equal payments to the trustee, for payment of the bonds. Interest accrues at a rate of 3.9% per year. Principal payments are due on the first day of each month through November 2040.

2024 Notes Payable

In November 2024, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $14,500,000 Charter School Revenue Notes. Proceeds from the notes were loaned to the Building Corp to finance the construction of the educational facility. The School is obligated under a lease agreement to make monthly lease payments to the Building Corp. for using the facilities. The Building Corporation is required to make equal payments to the trustee, for payment of the note. Interest accrues at a rate of 6.12% per year. Principal payments are due monthly on the first day of each month and mature on December 15, 2031.

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2027	$ 1,425,000	$ 1,794,554
2028	1,631,000	1,731,521
2029	1,707,000	1,657,004
2030	1,781,000	1,581,421
2031	1,861,000	1,502,392
2032 – 2036	21,448,000	2,872,464
2037 – 2041	8,258,000	696,680
Total	$ 38,111,000	$ 11,836,034

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

	Beginning Balance, As Restated	Debt Issue And Additions	Reductions	Ending Balance	Due Within One year
Governmental Activities					
2020 Notes payable	$ 24,841,000	$ -	$ (1,230,000)	$ 23,611,000	$ 1,279,000
2025 Notes payable	14,500,000	-	-	14,500,000	146,000
Total Bonds payable	39,341,000	-	(1,230,000)	38,111,000	1,425,000
Compensated absences	468,075	43,978	-	512,053	-
Leases	200,554	-	(60,304)	140,250	63,320
Net pension liability	26,849,700	2,284,854	(4,172,533)	24,962,021	-
Net OPEB liability	476,389	26,683	(227,206)	275,866	-
Total Governmental	$ 67,335,718	$ 2,355,515	$ (5,690,043)	$ 64,001,190	$ 1,488,320

The change in the compensated absences liability is presented as a net change.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and The Academy of Charter Schools is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from The Academy of Charter Schools were $2,708,187 for the year ended June 30, 2026.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

At June 30, 2026, The Academy of Charter Schools reported a liability of $24,962,021 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by The Academy of Charter Schools as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with The Academy of Charter Schools were as follows:

The Academy of Charter Schools proportionate share of the net pension liability	$ 24,962,021
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with The Academy of Charter Schools	2,345,855
Total	$ 27,307,876

At December 31, 2025, The Academy of Charter Schools proportion was 0.1600547622%, which was an increase of 0.0044485186% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, The Academy of Charter Schools recognized pension expense of $4,050,373 and revenue of $343,062 for support from the State as a nonemployer contributing entity. At June 30, 2026, The Academy of Charter Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,502,330	$ -
Changes of assumptions or other inputs	122,540	-
Net difference between projected and actual earnings on pension plan investments	-	2,994,511
Changes in proportion and differences between contributions recognized and proportionate share of contributions	596,899	-
Contributions subsequent to the measurement date	1,353,517	N/A
Total	$ 3,575,286	$ 2,994,511

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

$1,353,517 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2027	$ 1,829,595
2028	(958,613)
2029	(887,331)
2030	(756,393)
2031	-
Thereafter	-

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

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current plan members and were not projected to reach a depletion date. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of The Academy of Charter Schools proportionate share of the net pension liability to changes in the discount rate. The following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 35,314,190	$ 24,962,021	$ 16,293,372

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

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

General Information about the OPEB Plan

Plan description. Eligible employees of The Academy of Charter Schools are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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

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

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

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

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and The Academy of Charter Schools is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from The Academy of Charter Schools were $135,542 for the year ended June 30, 2026.

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

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

At June 30, 2026, The Academy of Charter Schools reported a liability of $275,866 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2025, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TOL to December 31, 2025. The Academy of Charter Schools proportion of the net OPEB liability was based on The Academy of Charter Schools contributions to the HCTF for the calendar year 2025 relative to the total contributions of participating employers to the HCTF.

At December 31, 2025, The Academy of Charter Schools proportion was 0.1023803051%, which was an increase of 0.0027520388% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, The Academy of Charter Schools recognized OPEB expense of $(37,016). At June 30, 2026, The Academy of Charter Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 111,621
Changes of assumptions or other inputs	3,028	133,906
Net difference between projected and actual earnings on OPEB plan investments	-	44,059
Changes in proportion and differences between contributions recognized and proportionate share of contributions	63,373	-
Contributions subsequent to the measurement date	67,744	N/A
Total	$ 134,145	$ 289,586

$67,744 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2027	$ (50,815)
2028	(67,019)
2029	(43,863)
2030	(32,276)
2031	(21,813)
Thereafter	(7,399)

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

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

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

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

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

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A.

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

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

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

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

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

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

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

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

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

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

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

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	6.65%	7.65%	8.65%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$264,398	$275,866	$288,847

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

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

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

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

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

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

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

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

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

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members and were not projected to reach a depletion date. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

Sensitivity of The Academy of Charter Schools proportionate share of the net OPEB liability to changes in the discount rate. The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$379,811	$275,866	$186,214

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

NOTE 9 - RISK MANAGEMENT

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

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants

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

NOTE 11 - TAX, SPENDING, AND DEBT LIMITATIONS

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

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2026 there is a $965,000 reservation of fund balance in the General Fund for the amendment.

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

NOTE 12 – ADJUSTMENTS AND RESTATEMENTS OF BEGINNING BALANCES

During the fiscal year 2026, the School found that lease assets, net of amortization were understated by $197,444 and lease liabilities were understated by $200,554 for the year-ended June 30, 2025. Additionally, Building Corporation activities were reported in a proprietary fund for the year-ended June 30, 2025 but should have been reported in a special revenue fund and included in governmental activities. The effects of correcting these errors is shown in the table below.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds		Government-Wide
	Special Revenue Fund	Proprietary Fund	
	Building Corp Fund	Building Corporation	Governmental Activities
June 30, 2025, as previously reported	$ -	$ (316,926)	$ (5,714,939)
Error corrections			
Recognition of lease asset	-	-	197,444
Recognition of lease liability	-	-	(200,554)
Recognition of Building Corp activities	14,315,177	316,926	-
June 30, 2025, as restated	$ 14,315,177	$ -	$ (5,718,049)

REQUIRED SUPPLEMENTARY INFORMATION

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	0.1600547622%	0.156%	0.163%	0.123%	0.161%	0.161%	0.148%	0.144%	0.164%	0.156%
Employer's proportionate share of the net pension liability (asset)	$ 24,962,021	$ 26,849,700	$ 28,880,910	$ 22,375,192	$ 16,540,314	$ 24,391,232	$ 22,092,404	$ 25,545,322	$ 53,081,661	$ 46,534,475
State's proportionate share of the net pension liability (asset) associated with the Employer	2,345,855	2,212,786	619,685	5,049,020	1,701,124	-	3,549,194	3,492,968	-	-
Total	$ 27,307,876	$ 29,062,486	$ 29,500,595	$ 27,424,212	$ 18,241,438	$ 24,391,232	$ 25,641,598	$ 29,038,290	$ 53,081,661	$ 46,534,475
Employer's covered payroll	$ 12,974,414	$ 11,374,541	$ 10,784,112	$ 9,474,218	$ 8,882,744	$ 8,479,308	$ 8,651,797	$ 7,931,095	$ 7,572,236	$ 6,988,424
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	192.39%	255.50%	273.60%	289.50%	205.40%	287.66%	296.40%	366.10%	701.00%	665.88%
Plan fiduciary net position as a percentage of the total pension liability	71.7%	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%

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

See the accompanying independent auditors' report.

THE ACADEMY OF CHARTER SCHOOLS
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 2,708,187	$ 2,556,777	$ 2,348,076	$ 2,037,616	$ 1,809,266	$ 1,790,067	$ 1,716,356	$ 1,579,911	$ 1,531,707	$ 1,374,149
Contributions in relation to the contractually required contribution	(2,708,187)	(2,556,777)	(2,348,076)	(2,037,616)	(1,809,266)	(1,790,067)	(1,716,356)	(1,579,911)	(1,531,707)	(1,374,149)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 13,288,456	$ 12,545,511	$ 11,520,729	$ 9,998,141	$ 8,856,313	$ 8,479,308	$ 8,856,313	$ 8,258,811	$ 7,696,932	$ 7,476,403
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	20.38%	20.43%	21.11%	19.38%	19.13%	19.90%	18.38%

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

See the accompanying independent auditors' report.

THE ACADEMY OF CHARTER SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

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

2025 Changes in Plan Provisions Since 2024

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

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

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

2025 Changes in Assumptions or Other Inputs Since 2024

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net OPEB liability (asset)	0.1023803051%	0.099%	0.098%	0.094%	0.093%	0.093%	0.097%	0.094%	0.933%	0.089%
Employer's proportionate share of the net OPEB liability (asset)	$ 275,866	$ 476,389	$ 697,358	$ 762,302	$ 800,226	$ 886,798	$ 1,086,079	$ 1,275,833	$ 1,212,163	$ 1,147,510
Employer's covered payroll	$ 12,974,414	$ 11,374,541	$ 10,784,112	$ 9,474,218	$ 8,882,744	$ 8,479,308	$ 8,651,797	$ 7,931,095	$ 7,572,236	$ 6,988,424
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.13%	4.19%	6.47%	8.05%	9.01%	10.46%	12.55%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	76.1%	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

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

See the accompanying independent auditors' report.

THE ACADEMY OF CHARTER SCHOOLS
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS
HEALTH CARE TRUST FUND
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 135,542	$ 127,964	$ 117,512	$ 101,980	$ 90,333	$ 86,489	$ 90,333	$ 84,240	$ 78,509	$ 76,259
Contributions in relation to the contractually required contribution	(135,542)	(127,964)	(117,512)	(101,980)	(90,333)	(86,489)	(90,333)	(84,240)	(78,509)	(76,259)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 13,288,456	$ 12,545,511	$ 11,520,729	$ 9,998,141	$ 8,856,313	$ 8,479,308	$ 8,856,313	$ 8,258,811	$ 7,696,932	$ 7,476,403
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditors' report.

THE ACADEMY OF CHARTER SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
HEALTH CARE TRUST FUND
JUNE 30, 2026

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

2025 Changes in Plan Provisions Since 2024

There were no changes made to plan provisions.

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

2025 Changes in Assumptions or Other Inputs Since 2024

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

THE ACADEMY OF CHARTER SCHOOLS
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	$ 2,217,000	$ 2,447,000	$ 230,000	$ 2,498,643	51,643
State sources	27,012,240	29,350,445	2,338,205	29,373,605	23,160
Federal sources	1,118,421	1,339,626	221,205	1,443,805	104,179
Total revenues	30,347,661	33,137,071	2,789,410	33,316,053	178,982
EXPENDITURES					
Instruction	15,248,833	15,653,471	(404,638)	14,647,000	1,006,471
Supporting services	14,798,828	14,464,324	334,504	13,620,615	843,709
Debt service	-	-	-	70,332	(70,332)
Facilities acquisition and construction	320,000	3,039,276	(2,719,276)	2,159,633	879,643
Total expenditures	30,367,661	33,157,071	(2,789,410)	30,497,580	2,659,491
Excess (deficiency) of revenues over expenditures	(20,000)	(20,000)	-	2,818,473	2,838,473
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	20,000	20,000	-	13,790	(6,210)
Total other financing sources (uses)	20,000	20,000	-	13,790	(6,210)
Net change in fund balances	-	-	-	2,832,263	2,832,263
Fund balances - beginning	12,448,704	15,990,371	3,541,667	15,990,371	-
Fund balance - ending	$ 12,448,704	$ 15,990,371	$ 3,541,667	$ 18,822,634	$ 2,832,263

See the accompanying Independent Auditors' Report.

THE ACADEMY OF CHARTER SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING CORP 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	$ 3,423,751	$ 3,423,751	$ -	$ 3,423,751	$ -
Total revenues	3,423,751	3,423,751	-	3,423,751	-
EXPENDITURES					
Supporting services	11,269,346	11,269,346	-	8,575,081	2,694,265
Debt service	3,064,437	3,064,437	-	3,063,937	500
Total expenditures	14,333,783	14,333,783	-	11,639,018	2,694,765
Excess (deficiency) of revenues over expenditures	(10,910,032)	(10,910,032)	-	(8,215,267)	2,694,765
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(13,790)	(13,790)	-	(13,790)	-
Total other financing sources (uses)	(13,790)	(13,790)	-	(13,790)	-
Net change in fund balances	(10,923,822)	(10,923,822)	-	(8,229,057)	2,694,765
Fund balances - beginning	14,315,177	14,315,177	-	14,315,177	-
Fund balance - ending	$ 3,391,355	$ 3,391,355	$ -	$ 6,086,120	$ 2,694,765

See the accompanying Independent Auditors' Report.

THE ACADEMY OF CHARTER SCHOOLS
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 Executive Director submits a proposed budget to the Board of Directors for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the School and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Directors to obtain public comments.

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

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

General Fund Budgetary Highlights

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

Revenue source	Original Budget	Final Budget	Difference
State sources	27,012,240	29,350,445	2,338,205

THE ACADEMY OF CHARTER SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

Expenditures	Original Budget	Final Budget	Difference
Instruction	15,248,833	15,653,471	(404,638)
Supporting services	14,798,828	14,464,324	334,504
Facilities acquisition and construction	320,000	3,039,276	(2,719,276)

The FY2026 budget was amended to reflect actual enrollment of 1,832.88 students. As a result, State Equalization Funding increased by $189,000. Additionally, the school was awarded additional Mill Levy Equalization funding after the original budget was approved, resulting in a significant increase in revenue of $2,250,000. Federal Grant funding was adjusted based on actual enrollment, resulting in an increase of $221,000.

Contracted Special Education Services increased by $300,000 due to additional special education requirements. Ongoing maintenance expenditures were increased by $965,000 to account for roof repairs and building improvements. Capital improvement expenditures were also significantly increased by $1,500,000 in anticipation of the redesign and renovation of the school's athletic fields.

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

Expenditures	Final Budget	Actual expenditures	Difference
Instruction	15,653,471	14,647,000	1,006,471
Supporting services	14,464,324	13,620,615	843,709
Facilities acquisition and construction	3,039,276	2,159,633	879,643

Actual State funding revenue exceeded the final budget by approximately $175,000, primarily due to additional special education revenue received from the school's Authorizer as well as additional revenue in tuition for our Summer Camp Program.

Salary and benefit expenditures were lower than anticipated, primarily due to the school's inability to fill several hard to fill Special Education positions. Additionally, expenditures related to facility improvements were lower than budgeted due to the timing of the planned facility improvement projects.

Building Corp Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, there was no need for any significant amendments to increase either the original estimated revenues or the original budgeted expenditures.

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

Expenditures	Final Budget	Actual expenditures	Difference
Supporting Services	11,269,346	8,575,081	2,694,265

The School borrowed additional funding in order to complete an addition and remodel and renovate the Main Campus. The budget assumed the project would be completed by 6/30/2026, but the remaining portion of the project is expected to be completed in fiscal year 2027.

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
The Academy of Charter Schools

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 and each major fund of The Academy of Charter Schools, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise The Academy of Charter Schools's basic financial statements, and have issued our report thereon dated October 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Academy of Charter Schools'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 The Academy of Charter Schools's internal control. Accordingly, we do not express an opinion on the effectiveness of The Academy of Charter Schools'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 The Academy of Charter Schools'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 20, 2026