Third Future Schools

Third Future Schools Board and TFS-CO Subsidiary Board Meeting

This is a joint meeting of the Third Future Schools Board and the TFS-CO Subsidiary Board.

Published on October 16, 2022 at 1:23 AM MDT
Amended on October 25, 2022 at 10:19 AM MDT

Date and Time
Tuesday October 25, 2022 at 1:00 PM MDT

Location
This Board meeting will be held via Zoom. The public is welcome to view the meeting live by joining the Zoom meeting (link included above). The Board welcomes input and questions from the community. Should a member of the public wish to provide input or notify the Board of a concern, he/she should send an email to the Board at board@thirdfuture.org. All emails sent to the Board at that address and prior to 48 hours before the start of the Board meeting will be disseminated to the Board prior to the next scheduled Board meeting.

Agenda

	Purpose	Presenter	Time
I. Opening Items			**1:00 PM**
A. Call the Meeting to Order			
B. Record Attendance			1 m
II. Public Comments			**1:01 PM**
Synergy and Teamwork			
A. Public Comments 2 min. each for up to 30 min.	Discuss		30 m
III. Consent Agenda			**1:31 PM**

	Purpose	Presenter	Time
Systems and Processes			
A. Approval of Agenda	Vote		
B. Approval of Minutes	Approve Minutes		1 m
IV. Beginning of School			**1:32 PM**
Instruction and Operations			
A. Beginning of school (school leadership, enrollment, staffing, general operations) a. Colorado schools b. Texas schools c. SRT team	Discuss		10 m
V. Policies for Approval			**1:42 PM**
Governance; Policies			
A. Policies for Approval a. Capitalization Policy b. Sexual Harassment Policy c. Temporary Remote Learning Policy d. CORA Request Policy	Vote		10 m
VI. Finance			**1:52 PM**
A. Finance a. Colorado Audits overview b. Bank Authorization for the CFO (for Action)	FYI		10 m
VII. TFS Strategic Vision and the Coperni Project (update)			**2:02 PM**
Vision and Strategy			
A. TFS Strategic Vision and the Coperni Project (update) a. Expansion b. Coperni Project	Discuss		15 m
VIII. Other			**2:17 PM**
Instruction and Operations			
A. Other a. C2 Renewal b. Report cards c. 2nd Quarter Focus	Discuss		10 m

	Purpose	Presenter	Time
IX. Board Vacancy			**2:27 PM**
Governance			
A. Board vacancy	FYI		5 m
X. TFS Board and Subsidiary Board reporting schedules for 2022-2023 school year			**2:32 PM**
Governance			
A. TFS Board and Subsidiary Board reporting schedules for 2022-2023 school year	FYI		3 m
Next meeting is 17 November via Zoom for CO Subsidiary Board; 26 January via Zoom for TFS Corporate Board			
XI. Closing Items			**2:35 PM**
A. Adjourn Meeting	Vote		1 m

Coversheet

Approval of Agenda

Section: III. Consent Agenda
Item: A. Approval of Agenda
Purpose: Vote
Submitted by:
Related Material: TFS Board Agenda -- 25 Oct 2022 -- draft.pdf

DRAFT

THIRD FUTURE
Creating tomorrow's schools

TFS Board Meeting
Agenda – 25 Oct 2022

This is a joint meeting of the Third Future Schools Board and the TFS-CO Subsidiary Board.

1:00 p.m. to 2:30 p.m. – via Zoom

https://us06web.zoom.us/j/9417910427

This Board meeting will be held via Zoom. The public is welcome to view the meeting live by joining the Zoom meeting (link included above). The Board welcomes input and questions from the community. Should a member of the public wish to provide input or notify the Board of a concern, he/she should send an email to the Board at board@thirdfuture.org. All emails sent to the Board at that address and prior to 48 hours before the start of the Board meeting will be disseminated to the Board prior to the next scheduled Board meeting.

TFS Board Agenda

Agenda Item	Time Use Tracker	Estimated Time
I. Call to Order	Other	1 min.
II. Public Comments	Synergy and Teamwork	2 min. each up to 30 min.
III. Consent Agenda a. Approval of agenda b. Approval of minutes for 25 August 2022	Systems and Processes	1 min.
IV. Beginning of school (school leadership, enrollment, staffing, general operations) a. Colorado schools b. Texas schools c. SRT team	Instruction and operations	10 min.
V. Policies for Approval a. Capitalization Policy b. Sexual Harassment Policy c. Temporary Remote Learning Policy d. CORA Request Policy	Governance; policies	10 min.
VI. Finance a. Colorado Audits overview b. Bank Authorization for the CFO (for Action)	Finance	10 min.

VII. TFS Strategic Vision and the Coperni Project (update) a. Expansion b. Coperni Project	Vision and Strategy	15 min.
VIII. Other a. C2 Renewal b. Report cards c. 2nd Quarter Focus	Instruction and operations	10 min.
IX. Board vacancy	Governance	5 min.
X. TFS Board and Subsidiary Board reporting schedules for 2022-2023 school year; next meeting is 17 November via Zoom for Subsidiary Board; 26 January via Zoom for TFS Board	Governance	3 min.
XI. Adjourn	Other	1 min.

Documents:

1. Board Agenda – 25 October 2022
2. Board Minutes – 25 August 2022
3. Policies for Approval
    a. Capitalization Policy
    b. Sexual Harassment Policy
    c. Temporary Remote Learning Policy
    d. CORA Request Policy
4. Colorado Audits documents
5. Bank authorization document
6. Coperni Project One-Pager
7. Board reporting schedules

Coversheet

Approval of Minutes

Section:	III. Consent Agenda
Item:	B. Approval of Minutes
Purpose:	Approve Minutes
Submitted by:	
Related Material:	TFS Board Minutes -- 25 Aug 2022 -- draft.pdf

THIRD FUTURE
Creating tomorrow's schools

TFS Board Meeting Minutes – 25 Aug 2022

1:00 p.m. to 2:00 p.m. – Zoom meeting

https://us06web.zoom.us/j/86186791322

This Board meeting will be held via Zoom. The public is welcome to view the meeting live by joining the Zoom meeting (link included above). The Board welcomes input and questions from the community. Should a member of the public wish to provide input or notify the Board of a concern, he/she should send an email to the Board at board@thirdfuture.org. All emails sent to the Board at that address and prior to 48 hours before the start of the Board meeting will be disseminated to the Board prior to the next scheduled Board meeting.

Attendance: Dwight Jones, Scott Laband, Jennifer Sward-Miller, Michael Williams, Mike Miles, Michele Moore, Sandi Massey, Dr. Shirley Miles, Jim Terry, Jessica Lopez, Zach Craddock

TFS Board Agenda

Agenda Item	Time Use Tracker	Estimated Time
I. Call to Order-meeting was called to order at 1:01 Central time	Other	1 min.
II. Public Comments-no public comments were registered	Synergy and Teamwork	10 min.
III. Consent Agenda a. Approval of agenda b. Approval of minutes for 23 June 2022 c. Motion to approve by Williams, 2nd by Laband, all approve	Systems and Processes	1 min.
IV. Beginning of school (school leadership, enrollment, staffing, general operations) a. Texas Schools-Zach Craddock provided an overview of the opening of the Texas schools. This included new leadership announcements, current enrollment numbers, staffing levels and unique school logistics. b. Colorado Schools-Dr. Miles provided an overview of the opening of the Colorado schools. This included new leadership announcements, current enrollment numbers, staffing levels and unique school logistics.	Instruction and operations	10 min.

V. Network Action Plan review (key improvements for the 2022-2023 school year)-Mr. Miles updated the board on the 22-23 Action Plan. Specific attention was given to the key actions and the indicators of success.	Instruction and operations	5 min.
VI. Finance a. Update on budget- Mr. Miles provided the board with updated finance info that included enrollment numbers and recent budgetary steps to mitigant lower than expected numbers.	Finance	10 min.
VII. Senior school leaders' evaluation -Mr. Miles briefed the board on the updated evaluation for Network level senior leaders. This included key evaluation areas that have changed from past practices.	School Leadership	10 min.
VIII. TFS Strategic Vision and the Coperni Project a. Organization chart-Mr. Miles provided an updated org chart. b. Expansion-TFS continues to seek expansion in areas that are favorable to local districts and TFS. c. Coperni Project-Mr. Miles is in early discussions with TEA on an expansion project covering several years and focusing on failing schools across the state. More information will be provided as it becomes available.	Vision and Strategy	15 min.
IX. TFS Board reporting schedule for 2022-2023 school year; next meeting 20 October, in person	Governance	3 min.
X. Adjourn-motion to adjourn by Williams, 2nd by Laband, all approve. Meeting adjourned at 1:52 Mountain time	Other	1 min.

Coversheet

Policies for Approval

Section: V. Policies for Approval
Item: A. Policies for Approval
Purpose: Vote
Submitted by:
Related Material:
TFS Capital Expenditures policy -- draft -- 19 Oct 2022.pdf
TFS Policy -- CORA Request to the Network 7 October 2022 DRAFT KDB.pdf
TFS Sexual Harassment policy -- draft -- 19 Oct 2022.pdf
TFS Temporary Remote Learning Policy 6 October 2022.pdf

TFS Board Policy-Draft
DK: Capital Expenditures Policy
DRAFT OCTOBER 19, 2022

DK- Capital Expenditures Policy

Capital assets are defined by Third Future Schools system as assets with an initial, individual cost of more than $10,000 and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Property and equipment of Third Future School System is depreciated using a method approved by the IRS following estimated useful lives.

TFS Board Policy-Draft
Section GD: Sexual Harassment Policy
DRAFT OCTOBER 19, 2022

GD- Sexual Harassment Policy

Third Future Schools is committed to a learning and working environment that is free from sexual harassment. Sexual harassment is recognized as a form of sex discrimination and thus a violation of the laws which prohibit sex discrimination. It shall be a violation of policy for any member of the district staff to harass another staff member or student through conduct or communications of a sexual nature. Any conduct of a sexual nature directed toward students by teachers or others to whom this policy applies, shall be presumed to be unwelcome.

This policy applies to all employees of Third Future Schools and similarly applies to non-employees, such as volunteers, vendors, consultants, or any others, who work under the direction of Third Future School authorities.

Any conduct of a sexual nature directed toward students by teachers or others, to whom this policy applies, shall be presumed to be unwelcome.

Sexual harassment defined

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and/or other verbal or physical conduct of a sexual nature when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of a person's employment or educational development.
2. Submission to or rejection of such conduct by an individual is used as the basis for employment or education decisions affecting the individual.
3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work or educational performance or creating an intimidating, hostile, or offensive working or educational environment.

The prohibition against sexual harassment applies whether the harassment is between people of the same or different gender. Harassing an individual based on their gender identity or sexual preference may be considered sexual harassment. This can include gossip regarding an individual's sex life, comments on an individual's body, comments about an individual's sexual activity, deficiencies, or prowess, or other lewd or obscene comments.

All employees are expected to always conduct themselves in a professional and businesslike manner.

Conduct which may violate this policy includes, but is not limited to, sexually implicit or explicit communications whether in:

- Written form, such as cartoons, posters, calendars, notes, letters, e-mails.
- Verbal form, such as comments, jokes, foul or obscene language of a sexual nature, gossiping or questions about another’s sex life, or repeated unwanted requests for dates.
- Physical gestures and other nonverbal behavior, such as unwelcome touching, grabbing, fondling, kissing, massaging, and brushing up against another’s body.

Sexual harassment as defined above may include, but is not limited to:

- Sex-oriented verbal "kidding," abuse, or harassment.
- Pressure for sexual activity.
- Repeated remarks to a person with sexual implications.
- Unwelcome touching, such as patting, pinching, or brushing against another's body.
- Suggesting or demanding sexual involvement accompanied by implied or explicit threats concerning one's grades, employment status, or similar personal concerns.
- Sexual violence.

Reporting, investigation, and sanctions

Sexual harassment cannot be investigated or corrected by the district until the district is made aware of such harassment. Therefore, it is the express desire of the Board to encourage victims of sexual harassment to report such claims.

If you believe there has been a violation of the sexual harassment policy, report the incident to an administrator/supervisor, to the director of human resources or to the district's compliance officer.

If your supervisor is the offending person, the report shall be made to the next higher level of authority. You may also use the complaint process and form provided in Board policy AC, AC-R and AC-E.

You are not required to directly confront any persons who are the source of your complaint or closely associated with the person who is the source of the complaint. Instead, you may utilize any of the other various avenues of internal complaint. You are required to make a reasonable and timely effort to bring forward any allegations of unlawful discrimination or harassment so that the district may investigate and correct any behavior that may be in violation of this policy.

Third Future Schools will investigate the complaint and may utilize a neutral third-party investigator to address allegations of work-related harassment, discrimination, or misconduct. In determining whether alleged conduct constitutes sexual harassment, the totality of the circumstances, the nature of the conduct and the context in which the alleged conduct occurred shall be investigated.

If Third Future School determines that an employee's behavior is in violation of this policy, disciplinary action will be taken, up to and including termination of employment, subject to applicable procedural requirements. Conduct of a sexual nature directed toward students shall, in appropriate circumstances, be reported as child abuse for investigation by appropriate authorities in conformity with policy JLF.

Filing of a complaint or otherwise reporting sexual harassment shall not reflect upon the individual's status, affect future employment, or work assignments. If you perceive retaliation for making a complaint or your participation in the investigation, please follow the complaint procedure outlined above. The situation will be investigated. All matters involving sexual discrimination or harassment complaints shall remain confidential to the extent possible.

Notice of this policy shall be circulated to all district employees and incorporated in employee handbooks.

Legal
20 U.S.C. §1681 et seq. (Title IX of the Education Amendments of 1972)
42 U.S.C. §2000e et seq. (Title VII of the Civil Rights Act of 1964)
C.R.S. 24-34-401et seq. (discrimination or unfair employment practices)
C.R.S. 24-34-301et seq. (Colorado Civil Rights Division procedures)

Cross References
AC - Nondiscrimination/Equal Opportunity
JLF - Report of Child Abuse/Child Protection
approved by the IRS following estimated useful lives.

TFS Board Policy-Draft
Section K: School-Community-Home Relations
KDB
DRAFT OCTOBER 6, 2022

PUBLIC'S RIGHT TO KNOW/ACCESS TO INFORMATION

The Board is a public servant, and its meetings and records shall be matters of public information, subject to such restrictions as are set by federal law or regulation, by state statute, or by pertinent court rulings.

The Board wishes to support the right of the people to know about the programs and services of their schools and shall make every effort to disseminate information which federal or state law permits to be disseminated. Each principal is authorized to use all reasonable means available to keep parents/guardians and others of that particular school's community informed about the school's programs and activities.

The official minutes of the Board, its written policies and its financial records shall be open for inspection at the office of the Chief Executive Officer by any citizen desiring to examine them during hours when the office of the Chief Executive Officer is open. However, no records shall be released for inspection by the public or any authorized persons, either by the Chief Executive Officer or any other person designated as custodian for Network records if such disclosure would be contrary to the public interest or is not permitted to be released as described in state or federal law. The Network's financial information shall be posted online in accordance with the Public School Financial Transparency Act.

The Director of Communications shall be responsible for reviewing requests for information and filling or rejecting them in accordance with the accompanying regulations and pertinent state and federal laws. In responding to a request for the Network's public records, the Network may charge a fee for staff time spent in excess of one hour for the following: researching and retrieving the requested records; conducting searches for requested records; reviewing records to determine whether they are responsive to the request; and identifying and separating those records that are not public and/or are privileged or confidential. Such fee shall be $30 per hour, which may be increased from time to time as permitted by applicable state law. The Network may also charge other reasonable fees in responding to a request for the Network's public records, in accordance with the accompanying regulation.

Legal

C.R.S. 22-9-109 (exemption from public inspection)

C.R.S. 22-32-109(1)(c) (documents available for public inspection)

C.R.S. 22-44-301 et seq. (Public School Financial Transparency Act)

C.R.S. 24-72-201 et seq. (access to public records)

C.R.S. 24-72-205(6)(a) (must adopt policy regarding the fee for research and retrieval of public records, if the district imposes such a fee; policy must be posted on website or otherwise published)

C.R.S. 24-72-205 (6)(b) (maximum hourly fee for research and retrieval of public documents adjusted on July 1, 2019, and every five-year period thereafter)

Cross References

BEDA - Notification of Board Meetings

BEDG - Minutes

DAB - Financial Administration

EGAEA - Electronic Communications

GBJ - Personnel Records and Files

JRA-R / JRC-R - Student Records/Release of Information on Students (Review, amendment and hearing Procedures)

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TFS Board Policy-Draft
Section GD: Sexual Harassment Policy
DRAFT OCTOBER 19, 2022

GD- Sexual Harassment Policy

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This policy applies to all employees of Third Future Schools and similarly applies to non-employees, such as volunteers, vendors, consultants, or any others, who work under the direction of Third Future School authorities.

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2. Submission to or rejection of such conduct by an individual is used as the basis for employment or education decisions affecting the individual.
3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work or educational performance or creating an intimidating, hostile, or offensive working or educational environment.

The prohibition against sexual harassment applies whether the harassment is between people of the same or different gender. Harassing an individual based on their gender identity or sexual preference may be considered sexual harassment. This can include gossip regarding an individual's sex life, comments on an individual's body, comments about an individual's sexual activity, deficiencies, or prowess, or other lewd or obscene comments.

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- Pressure for sexual activity.
- Repeated remarks to a person with sexual implications.
- Unwelcome touching, such as patting, pinching, or brushing against another's body.
- Suggesting or demanding sexual involvement accompanied by implied or explicit threats concerning one's grades, employment status, or similar personal concerns.
- Sexual violence.

Reporting, investigation, and sanctions

Sexual harassment cannot be investigated or corrected by the Network until the Network is made aware of such harassment. Therefore, it is the express desire of the Board to encourage victims of sexual harassment to report such claims.

If you believe there has been a violation of the sexual harassment policy, report the incident to an administrator/supervisor, to the director of human resources or to the Network's compliance officer. If your supervisor is the offending person, the report shall be made to the next higher level of authority. You may also use the complaint process and form provided in Board policy AC, AC-R and AC-E.

You are not required to directly confront any persons who are the source of your complaint or closely associated with the person who is the source of the complaint. Instead, you may utilize any of the other various avenues of internal complaint. You are required to make a reasonable and timely effort to bring forward any allegations of unlawful discrimination or harassment so that the Network may investigate and correct any behavior that may be in violation of this policy.

Third Future Schools will investigate the complaint and may utilize a neutral third-party investigator to address allegations of work-related harassment, discrimination, or misconduct. In determining whether alleged conduct constitutes sexual harassment, the totality of the circumstances, the nature of the conduct and the context in which the alleged conduct occurred shall be investigated.

If Third Future School determines that an employee's behavior is in violation of this policy, disciplinary action will be taken, up to and including termination of employment, subject to applicable procedural requirements. Conduct of a sexual nature directed toward students shall, in appropriate circumstances, be reported as child abuse for investigation by appropriate authorities in conformity with policy JLF.

Filing of a complaint or otherwise reporting sexual harassment shall not reflect upon the individual's status, affect future employment, or work assignments. If you perceive retaliation for making a complaint or your participation in the investigation, please follow the complaint procedure outlined above. The situation will be investigated. All matters involving sexual discrimination or harassment complaints shall remain confidential to the extent possible.

Notice of this policy shall be circulated to all Network employees and incorporated in employee handbooks.

Legal
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42 U.S.C. §2000e et seq. (Title VII of the Civil Rights Act of 1964)
C.R.S. 24-34-401et seq. (discrimination or unfair employment practices)
C.R.S. 24-34-301et seq. (Colorado Civil Rights Division procedures)

Cross References
AC - Nondiscrimination/Equal Opportunity
JLF - Report of Child Abuse/Child Protection

DRAFT

THIRD FUTURE
Creating tomorrow's schools

revised October 9, 2022

TFS Temporary Policy on Time and Attendance for the 2022-2023 School Year

In the 2020, 2021, and 2022 school year, the schools of Third Future provided in-person learning with social distancing every scheduled school day. In the 2020-2021 school year, between 15% and 20% of the students, however, chose to learn remotely from home. Those students received synchronous instruction and followed the same schedule as the in-person students.

We returned to full, in-person learning in the 2021-2022 school year. We will do the same in the 2022-2023 school year. Exceptions will be made on a case-by-case basis and only if required by a federal law.

This temporary policy outlines Third Future Schools' time and attendance requirements for the 2022-2023 school year.

School Calendar

The Third Future Schools Board has adopted the school calendar developed by CEO Mike Miles at Appendix B for the 2022-2023 school year.

The school calendar shall be no less than 160 days as specified by state law. The TFS 2022-2023 academic calendar will have 186 student-teacher contact days. The school calendar also has 15 professional development days for teachers and learning coaches. Seven PD days will take place during summer orientation and 8 PD days will take place during the school year.

A copy of the calendar shall be available to all parents/guardians of students enrolled in each TFS school.

Any change in the calendar except for emergency closing or other unforeseen circumstances shall be preceded by adequate and timely notice. Each time a calendar is amended, an updated copy shall be submitted to the school's authorizer.

For the 2022-2023 academic year, student contact days may include remote learning days as implemented as a result of public health and safety measures. Remote learning days will also count toward student contact days.

If a school is closed due to medical or health emergencies, which results in student-teacher contact time being reduced below the minimum hours/minutes allowed by state law and provided for in the calendar, the CEO shall adjust the calendar to make up for the lost time. Notification by email shall be made to the authorizer on the dates that the school closed and the planned make up dates.

Instructional Time

The Board defines “actively engaged in the educational process” as time when students are working toward achieving educational objectives under the supervision of a teacher, including:

- Classroom instruction time
- Individual student work time while at school, including study hall and library research
- School-related field trips
- Independent study and research
- Assemblies

For in-person instruction, calculations for contact time may include passing periods between classes. Time calculated as “actively engaged in the educational process” shall not include:

- Lunch
- Teacher preparation time
- Passing between lunch and a class.

In response to COVID-19 and the flexibilities made available by the state, the Board expands its definition of “educational process” to include:

- Instruction delivered electronically
- Independent, remote work time for students that is directed and monitored by educators

For remote instruction, calculations for contact time may be based off of academic content covered, student demonstrations of learning, estimated times for students to complete independent work, and/or other methods identified by the school to compare in-person learning to remote learning.

Additional information about how teacher-pupil instruction will occur during remote learning days as well as a bell schedule equivalency statement shall be further detailed in the TFS reentry document (The TFS Solution) and in this policy.

Attendance

Schools will complete the minimum hours per year of instructional time. These are 900 hours per year in kindergarten (only full day offered), 990 hours per year for students in grades 1 through 5, and 1080 hours per year for students in grades 6 through 8. The following chart details the planned instructional hours for our in-person students in the 2022-2023 school year.

2022-2023 Instructional Hours			
Grade	**Times**	**Hours**	**Annual Total**
K	8:00 to 3:00	6.5	1209
1	8:00 to 3:00	6.5	1209
2	8:00 to 3:30	7	1302
3	8:00 to 4:00	7.5	1395
4	8:00 to 4:00	7.5	1395
5	8:00 to 4:00	7.5	1395
6	8:00 to 4:00	7.5	1395
7	8:00 to 4:00	7.5	1395
8	8:00 to 4:00	7.5	1395

Remote learning

Students who have been authorized to do temporary remote learning will follow the same schedule as the in-person students. Remote students take core courses at the same time as their peers. They will log-on to the class (via Zoom) at the same time that the course is being taught to in-person students. In this way they will receive live, synchronous instruction and participate in instruction with the regular teacher and their peers. Students will receive the same amount of instruction. Remote students may substitute individual work time for an hour of specials or electives.

Online students will thus accrue instructional hours by attending synchronous live sessions. To account for unique circumstances of some remote learners (such as lack of Internet access, homelessness, frequent change of lodging, prolonged illness, or familial circumstance preventing attending a specific course at the designated time) and to provide greater flexibility during this pandemic, remote students may also accumulate hours through the following methods:

- Watching a recorded lesson and taking and scoring a minimum score of an S1 on the daily Demonstration of Learning
- Completing the assigned lesson or activity (LSAE work) provided in Google Classroom or in a packet provided by the teacher
- Completion of assignments provided through approved electronic media such as IXL, Lexia, Zearn, and Newsela
- Completion of offline work documented by the parent

- In-person testing such as NWEA, DIBELS, CMAS, PARCC or other required state exams

Tracking attendance

The school will track the attendance for each in-person and remote student at least once daily. Teacher will use Infinite Campus to record and track attendance. For K-1 students, attendance will be taken once in the morning and once in the afternoon. For 2 through 8 students, attendance will be taken every period.

For remote learners, the following examples of attendance are permissible:

- Logging onto classroom instruction remotely
- Login to an approved online learning platform
- Email, text, or phone correspondence with the teacher

Schools will follow the attendance procedures and requirements outlined in the parent-student handbook. Parents must contact the school office by phone whenever a child is going to be absent, and send a written excuse to the teacher when the child returns to school. Remote learners must also follow these procedures. The school may request submission of a doctor's note if absences become chronic.

School closures

If the school should close due to an emergency or because of health and safety reasons, all students will immediately move to a fully remote learning plan. Essentially, students will have the same schedule and attend live, synchronous courses remotely. If the school is unable to provide live, synchronous instruction for any amount of time, the CEO will decide whether the school year must be extended in order to meet the minimum instructional hours.

Appendix A: Other Submissions to CSI

As noted above, Third Future Schools will provide in-person learning, allowing for rare exceptions as required by law. For those students authorized to learn remotely, we will use the "100% remote learning option." All instruction, except for specials and electives, will be conducted synchronously.

In some short term instances specific students may have to learn remotely due to need to self-isolate or quarantine. In these select cases, the school will use the "temporary remote learning option." Again, instruction will be synchronous. Students will follow the regular, in-person schedule except they will be at home.

An Explanation of Teacher-Pupil Instruction During Remote Learning

Third Future Schools has developed an instructional model that requires all teachers to teach "simultaneously" – both in-person and remotely at the same time.

At the core of this instructional model is still our engaging instruction that combines direct instruction with highly differentiated activities and lessons. Indeed, the key is to continue to use our effective educational program and use technology to mirror that experience for the on-line learners. With simultaneous teaching, the students on-line and in the classroom have very similar learning experiences: both groups do bell work, are engaged by the teacher, see the same content on the board, can ask questions, participate in small groups, demonstrate their learning in a DOL, are provided the same differentiated activities, and more.

Teachers use Google Classroom and Zoom as the platform for simultaneous teaching. This is a requirement throughout the network in order to minimize the number of various platforms that parents and students have to learn to navigate.

Regardless of the need for in-person or remote learning, all students have the same schedule as their peers except that remote learners receive live, synchronous instruction at home. All instruction is provided synchronously.

Still, we understand that some of our families are challenged by unique circumstances (such as lack of Internet access, homelessness, frequent change of lodging, prolonged illness, or familial circumstance preventing attending a specific course at the designated time) that make it difficult to engage in all of the synchronous instruction we provide every day. Additionally, we want to provide some families greater flexibility should specific conditions warrant.

Thus, on a limited basis, a school may develop a learning plan for a student that provides for some asynchronous learning. This type of plan could include some or all of the following methods for remote, asynchronous learning:

- Watching a recorded lesson and taking and scoring a minimum score of an S1 on the daily Demonstration of Learning

- Completing the assigned lesson or activity (LSAE work) provided in Google Classroom or in a packet provided by the teacher
- Completion of assignments provided through approved electronic media such as IXL, Lexia, Zearn, and Newsela
- Completion of offline work documented by the parent

Bell Schedule Equivalency Statement

Third Future Schools follow a semester calendar structure. The bell schedule for each grade is attached in Appendix C of this document.

The schedule for in-person students provides for the following teacher-pupil contact hours:

2022-2023 Instructional Hours

Grade	Times	Hours	Annual Total
K	8:00 to 3:00	6.5	1209
1	8:00 to 3:00	6.5	1209
2	8:00 to 3:30	7	1302
3	8:00 to 4:00	7.5	1395
4	8:00 to 4:00	7.5	1395
5	8:00 to 4:00	7.5	1395
6	8:00 to 4:00	7.5	1395
7	8:00 to 4:00	7.5	1395
8	8:00 to 4:00	7.5	1395

Because remote students have the same bell schedule, their instructional hours are equivalent to those of an in-person student. Remote learners may substitute an hour of individual work time for an hour of specials or electives if approved and verified by the parent or guardian.

For a small percentage of students who have an approved learning plan for asynchronous learning, equivalent teacher-pupil instructional time will be given for the following activities:

- Watching a recorded lesson and taking the Demonstration of Learning
- Completing the assigned lesson or activity (LSAE work) provided in Google Classroom or in a packet provided by the teacher
- Completion of assignments provided through approved electronic media such as IXL, Lexia, Zearn, and Newsela
- Completion of offline work if approved by the teacher and documented by the parent

Appendix B: TFS 2022-2023 Academic Calendars

2022-2023 Yearly Calendar

JUNE 2022

S	M	T	W	R	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JULY 2022

S	M	T	W	R	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

AUGUST 2022

S	M	T	W	R	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER 2022

S	M	T	W	R	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER 2022

S	M	T	W	R	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

NOVEMBER 2022

S	M	T	W	R	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER 2022

S	M	T	W	R	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JANUARY 2023

S	M	T	W	R	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY 2023

S	M	T	W	R	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH 2023

S	M	T	W	R	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL 2023

S	M	T	W	R	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

MAY 2023

S	M	T	W	R	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

JUNE 2023

S	M	T	W	R	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

JULY 2023

S	M	T	W	R	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

AUGUST 2023

S	M	T	W	R	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Appendix C: Bell Schedules for the Academy, Coperni 2, and Coperni 3

The Academy of Advanced Learning

AAL 2022-2023 Daily Schedule

AAL 2022-2023 Daily Schedule

	7:45	8:00	8:15	8:30	8:45	9:00	9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15	3:30	3:45	4:00	4:15	4:30	4:45	5:00	
Kinder 1		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 1
Kinder 2		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 2
Kinder 3		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 3
Kinder 4		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 4
First 1		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 1
First 2		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 2
First 3		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 3
First 4		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 4
2nd -- Read/Write		Read/Write (2-1)						Elective				Read/Write (2-2)					Recess	Lunch		Read/Write (2-3)						Recess	Read/Write (2-4)							After-school Activity					2nd -- Read/Write
2nd -- Math		Math (2-2)						Elective				Math (2-3)					Recess	Lunch		Math (2-4)						Recess	Math (2-1)							After-school Activity					2nd -- Math
2nd -- Science		Science (2-3)						Elective				Science (2-4)					Recess	Lunch		Science (2-1)						Recess	Science (2-2)							After-school Activity					2nd -- Science
2nd -- AOT/ Dyad		AOT/ Dyad (2-4)						Elective				AOT/ Dyad (2-1)					Recess	Lunch		AOT/ Dyad (2-2)						Recess	AOT/ Dyad (2-3)							After-school Activity					2nd -- AOT
	7:45	8:00	8:15	8:30	8:45	9:00	9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15	3:30	3:45	4:00	4:15	4:30	4:45	5:00	
3rd -- Read/Write		Read/Write (3-1)						Read/Write (3-2)						Lunch		Recess		Read/Write (3-3)						Read/Write (3-4)						Elective				After-school Activity					3rd -- Read/Write
3rd -- Math		Math (3-2)						Math (3-3)						Lunch		Recess		Math (3-4)						Math (3-1)						Elective				After-school Activity					3rd -- Math
3rd -- Science		Science (3-3)						Science (3-4)						Lunch		Recess		Science (3-1)						Science (3-2)						Elective				After-school Activity					3rd -- Science
3rd -- AOT/Dyad		AOT/ Dyad (3-4)						AOT/ Dyad (3-1)						Lunch		Recess		AOT/ Dyad (3-2)						AOT/ Dyad (3-3)						Elective				After-school Activity					3rd -- AOT/Dyad
4th -- Read/Write		Read/Write (4-1)						Read/Write (4-2)							Recess	Lunch		Read/Write (4-3)						Read/Write (4-4)						Elective				After-school Activity					4th -- Read/Write
4th -- Math		Math (4-2)						Math (4-3)							Recess	Lunch		Math (4-4)						Math (4-1)						Elective				After-school Activity					4th -- Math
4th -- Science		Science (4-3)						Science (4-4)							Recess	Lunch		Science (4-1)						Science (4-2)						Elective				After-school Activity					4th -- Science
4th -- AOT/Dyad		AOT/ Dyad (4-4)						AOT/ Dyad (4-1)							Recess	Lunch		AOT/ Dyad (4-2)						AOT/ Dyad (4-3)						Elective				After-school Activity					4th -- AOT/Dyad
5th -- Read/Write		Read/Write (5-1)						Read/Write (5-2)						Elective				Lunch		Study		Read/Write (5-3)						Read/Write (5-4)						After-school Activity					5th -- Read/Write
5th -- Math		Math (5-2)						Math (5-3)						Elective				Lunch		Study		Math (5-4)						Math (5-1)						After-school Activity					5th -- Math
5th -- Science		Science (5-3)						Science (5-4)						Elective				Lunch		Study		Science (5-1)						Science (5-2)						After-school Activity					5th -- Science
5th -- AOT/Dyad		AOT/ Dyad (5-4)						AOT/ Dyad (5-1)						Elective				Lunch		Study		AOT/ Dyad (5-2)						AOT/ Dyad (5-3)						After-school Activity					5th -- AOT/Dyad
6th -- Read/Write		Read/Write (6-1)						Read/Write (6-2)						Study		Lunch		Elective				Read/Write (6-3)						Read/Write (6-4)						After-school Activity					6th -- Read/Write
6th -- Math		Math (6-2)						Math (6-3)						Study		Lunch		Elective				Math (6-4)						Math (6-1)						After-school Activity					6th -- Math
6th -- Science		Science (6-3)						Science (6-4)						Study		Lunch		Elective				Science (6-1)						Science (6-2)						After-school Activity					6th -- Science
6th -- AOT/Dyad		AOT/ Dyad (6-4)						AOT/ Dyad (6-1)						Study		Lunch		Elective				AOT/ Dyad (6-2)						AOT/ Dyad (6-3)						After-school Activity					6th -- AOT/Dyad
7th -- Read/Write		Read/Write (7-1)						Read/Write (7-2)						Lunch		Study		Read/Write (7-3)						Elective				Read/Write (7-4)						After-school Activity					7th -- Read/Write
7th -- Math		Math (7-2)						Math (7-3)						Lunch		Study		Math (7-4)						Elective				Math (7-1)						After-school Activity					7th -- Math
7th -- Science/SS		Science (7-3)						Science (7-4)						Lunch		Study		Science (7-1)						Elective				Science (7-2)						After-school Activity					7th -- Science/SS
7th -- AOT/Dyad		AOT/ Dyad (7-4)						AOT/ Dyad (7-1)						Lunch		Study		AOT/ Dyad (7-2)						Elective				AOT/ Dyad (7-3)						After-school Activity					7th -- AOT/Dyad
8th -- Read/Write		Read/Write (8-1)						Read/Write (8-2)						Study		Lunch		Read/Write (8-3)						Elective				Read/Write (8-4)						After-school Activity					8th -- Read/Write
8th -- Math		Math (8-2)						Math (8-3)						Study		Lunch		Math (8-4)						Elective				Math (8-1)						After-school Activity					8th -- Math
8th -- Science/SS		Science (8-3)						Science (8-4)						Study		Lunch		Science (8-1)						Elective				Science (8-2)						After-school Activity					8th -- Science/SS
8th -- AOT/Dyad		AOT/ Dyad (8-4)						AOT/ Dyad (8-1)						Study		Lunch		AOT/ Dyad (8-2)						Elective				AOT/ Dyad (8-3)						After-school Activity					8th -- AOT/Dyad
	7:45	8:00	8:15	8:30	8:45	9:00	9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15	3:30	3:45	4:00	4:15	4:30	4:45	5:00	

Coperni 2

C2 2022-2023 Daily Schedule

C2 2022-2023 Daily Schedule

	7:45	8:00	8:15	8:30	8:45	9:00	9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15	3:30	3:45	4:00	4:15	4:30	4:45	5:00	
Kinder 1		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 1
Kinder 2		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 2
First 1		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 1
First 2		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 2
2nd -- ELA/ AOT		Read/Write (2-1)						Elective				Read/Write (2-2)					Recess	Lunch		AOT (2-1)						Recess	AOT (2-2)							After-school Activity					2nd -- Read/Write
2nd -- Math/ Science		Math (2-2)						Elective				Math (2-1)					Recess	Lunch		Science (2-2)						Recess	Science (2-1)							After-school Activity					2nd -- Math
	7:45	8:00	8:15	8:30	8:45	9:00	9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15	3:30	3:45	4:00	4:15	4:30	4:45	5:00	
3rd/4th -- Read/Write		Read/Write (3-1)						Read/Write 4-2)						Lunch		Elective					Recess	Read/Write (4-1)						Read/Write (3-2)						After-school Activity					5th/6th -- Read/Write
3rd/4th -- Math		Math (3-2)						Math (3-1)						Lunch		Elective					Recess	Math (4-2)						Math (4-1)						After-school Activity					5th/6th -- Math
3rd/4th -- Science		Science (4-1)						Science (3-2)						Lunch		Elective					Recess	Science (3-1)						Science (4-2)						After-school Activity					5th/6th -- Science/SS
3rd/4th -- AOT/Dyad		AOT/ Dyad (4-2)						AOT/ Dyad (4-1)						Lunch		Elective					Recess	AOT/ Dyad (3-2)						AOT/ Dyad (3-1)						After-school Activity					5th/6th -- AOT/Dyad
5th/6th -- Read/Write		Read/Write (6-1)						Read/Write (5-2)						Study		Elective				Lunch		Read/Write (5-1)						Read/Write (6-2)						After-school Activity					5th/6th -- Read/Write
5th/6th -- Math		Math (6-2)						Math (6-1)						Study		Elective				Lunch		Math (5-2)						Math (5-1)						After-school Activity					5th/6th -- Math
5th/6th -- Science		Science (5-1)						Science (6-2)						Study		Elective				Lunch		Science (6-1)						Science (5-2)						After-school Activity					5th/6th -- Science/SS
5th/6th -- AOT/Dyad		AOT/ Dyad (5-2)						AOT/ Dyad (5-1)						Study		Elective				Lunch		AOT/ Dyad (6-2)						AOT/ Dyad (6-1)						After-school Activity					5th/6th -- AOT/Dyad
7th/8th -- ELA/ AOT		Read/Write (7)						Read/Write (8)						Study		Lunch		AOT (8)						Elective				AOT (7)						After-school Activity					7th/8th -- Read/Write
7th/8th -- Math/ Science		Math (8)						Math (7)						Study		Lunch		Science (7)						Elective				Science (8)						After-school Activity					7th/8th -- Math
7th/8th -- SS																		SS (7) -- online										SS (8) -- online						After-school Activity					7th/8th -- Science/SS
	7:45	8:00	8:15	8:30	8:45	9:00	9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15	3:30	3:45	4:00	4:15	4:30	4:45	5:00	

Coperni 3

C3 2022-2023 Daily Schedule

C3 2022-2023 Daily Schedule

	7:45	8:00	8:15	8:30	8:45	9:00	9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15	3:30	3:45	4:00	4:15	4:30	4:45	5:00	
Kinder 1		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 1
Kinder 2		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 2
Kinder 3		Read/Write					Recess	Math				Lunch		Intervention		Elective				Literacy					Recess	Science								After-school Activity					Kinder 3
First 1		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 1
First 2		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 2
First 3		Read/Write					Math				Recess	Elective				Intervention		Lunch		Recess	Literacy					Science								After-school Activity					First 3
2nd -- Read/Write		Read/Write (2-1)						Elective				Read/Write (2-3)					Recess	Lunch		Read/Write (2-2)						Recess	AOT (2-1)							After-school Activity					2nd -- Read/Write
2nd -- Math		Math (2-2)						Elective				Math (2-1)					Recess	Lunch		Math (2-3)						Recess	AOT (2-2)							After-school Activity					2nd -- Math
2nd -- Science		Science (2-3)						Elective				Science (2-2)					Recess	Lunch		Science (2-1)						Recess	AOT (2-3)							After-school Activity					2nd -- Science
3rd/4th -- Read/Write		Read/Write (3-1)						Read/Write 4-2)						Lunch		Elective					Recess	Read/Write (4-1)						Read/Write (3-2)						After-school Activity					5th/6th -- Read/Write
3rd/4th -- Math		Math (3-2)						Math (3-1)						Lunch		Elective					Recess	Math (4-2)						Math (4-1)						After-school Activity					5th/6th -- Math
3rd/4th -- Science		Science (4-1)						Science (3-2)						Lunch		Elective					Recess	Science (3-1)						Science (4-2)						After-school Activity					5th/6th -- Science/SS
3rd/4th -- AOT		AOT (4-2) MWF						AOT (4-1) MWF						Lunch		Elective					Recess	AOT (3-2) MWF						AOT (3-1) MWF						After-school Activity					5th/6th -- AOT/Dyad
3rd/4th -- Dyad		Dyad (4-2) TTh						Dyad (4-1) TTh						Lunch							Recess	Dyad (3-2) TTh						Dyad (3-1) TTh						After-school Activity					5th/6th -- AOT/Dyad
5th/6th -- Read/Write		Read/Write (6-1)						Read/Write (5-2)						Study		Elective				Lunch		Read/Write (5-1)						Read/Write (6-2)						After-school Activity					5th/6th -- Read/Write
5th/6th -- Math		Math (6-2)						Math (6-1)						Study		Elective				Lunch		Math (5-2)						Math (5-1)						After-school Activity					5th/6th -- Math
5th/6th -- Science		Science (5-1)						Science (6-2)						Study		Elective				Lunch		Science (6-1)						Science (5-2)						After-school Activity					5th/6th -- Science/SS
5th/6th -- AOT		AOT (5-2) TThF						AOT (5-1) TThF						Study		Elective				Lunch		AOT (6-2) TThF						AOT (6-1) TThF						After-school Activity					5th/6th -- AOT/Dyad
5th/6th -- Dyad		Dyad (5-2) MW						Dyad (5-1) MW						Study						Lunch		Dyad (6-2) MW						Dyad (6-1) MW						After-school Activity					5th/6th -- AOT/Dyad
7th/8th -- Read/Write		Read/Write (7-1)						Read/Write (8-2)						Study		Lunch		Read/Write (8-1)						Elective				Read/Write (7-2)						After-school Activity					7th/8th -- Read/Write
7th/8th -- Math		Math (7-2)						Math (7-1)						Study		Lunch		Math (8-2)						Elective				Math (8-1)						After-school Activity					7th/8th -- Math
7th/8th -- Science		Science (8-1) MWF						Science (7-2) MWF						Study		Lunch		Science (7-1) MWF						Elective				Science (8-2) MWF						After-school Activity					7th/8th -- Science/SS
7th/8th -- SS		SS (8-1) TTh						SS (7-2) TTh						Study		Lunch		SS (7-1) TTh										SS (8-2) TTh						After-school Activity					7th/8th -- Science/SS
7th/8th -- AOT		AOT (8-2) MWF						AOT (8-1) MWF						Study		Lunch		AOT (7-2) MWF						Elective				AOT (7-1) MWF						After-school Activity					7th/8th -- AOT/Dyad
7th/8th -- Dyad		Dyad (8-2) TTh						Dyad (8-1) TTh						Study		Lunch		Dyad (7-2) TTh										Dyad (7-1) TTh						After-school Activity					7th/8th -- AOT/Dyad
	7:45	8:00	8:15	8:30	8:45	9:00	9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15	3:30	3:45	4:00	4:15	4:30	4:45	5:00	

Coversheet

Finance

Section: VI. Finance
Item: A. Finance
Purpose: FYI
Submitted by:
Related Material:
AAL FY22 Audit -- Budgetary Comparison Schedule -- 30 June 2022.pdf
C2 FY22 Audit -- Budgetary Comparison Schedule -- 30 June 2022 -- revised Oct 2022.pdf
C3 FY22 Audit -- Budgetary Comparison Schedule -- 30 June 2022.pdf
2022 Coperni 2 Audit FINAL.pdf
2022 Coperni 3 Audit Final.pdf
2022 AAL Audit FINAL.pdf
Corporate Resolution -- authorization for Jim Terry and Kerri Holt -- 15 Oct 2022.pdf

ACADEMY OF ADVANCED LEARNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 9,662,867	$ 8,827,246	$ 8,411,547	$ (415,699)	$ 7,937,178
Mill Levy Override	-	-	2,287,207	2,287,207	2,583,661
Charges for Services	2,703,862	2,461,937	3,123,061	661,124	-
Contributions	-	-	-	-	200,768
Other	-	-	55,727	55,727	64,956
State Sources					
Capital Construction	-	-	275,102	275,102	279,567
PERA on Behalf Contribution	-	-	124,538	124,538	-
Grants and Donations	-	-	415,853	415,853	350,219
Federal Sources					
Grants and Donations	1,138,173	2,297,348	1,627,110	(670,238)	1,108,868
TOTAL REVENUES	13,504,902	13,586,531	16,320,145	2,733,614	12,525,217
EXPENDITURES					
Current					
Salaries	4,576,313	4,694,602	6,242,605	(1,548,003)	5,042,998
Employee Benefits	1,400,892	1,492,241	1,924,742	(432,501)	1,438,320
Purchased Services	3,628,800	3,632,377	4,228,890	(596,513)	5,322,047
Supplies and Materials	338,563	261,196	724,154	(462,958)	654,874
Property	1,183,824	1,345,579	776,274	569,305	606,879
Other	833,286	861,224	921,937	(60,713)	136,046
Debt Service					
Principal	42,606	42,386	38,953	3,433	323,290
Interest	18,200	18,420	16,874	1,546	37,943
Principal - Leases	-	-	561,238	(561,238)	-
Interest - Leases	-	-	425,546	(425,546)	-
TOTAL EXPENDITURES	12,022,484	12,348,025	15,861,213	(3,513,188)	13,562,397
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,482,418	1,238,506	458,932	(779,574)	(1,037,180)
OTHER FINANCING SOURCES					
Lease Proceeds	-	-	64,134	64,134	-
Transfers	-	-	-	-	365,000
NET CHANGE IN FUND BALANCE	1,482,418	1,238,506	523,066	(715,440)	(672,180)
FUND BALANCE, Beginning	2,265,331	1,916,685	1,916,685	-	2,588,865
FUND BALANCE, Ending	$ 3,747,749	$ 3,155,191	$ 2,439,751	$ (715,440)	$ 1,916,685

See the accompanying independent auditor's report.

COPERNI 2 CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 2,434,329	$ 2,304,546	$ 1,888,410	$ (416,136)	$ 1,808,431
Mill Levy Override	-	-	96,994	96,994	66,257
Charges for Services	-	-		-	-
Network Support	-	-	345,525	345,525	695,217
Grants and Contributions	310,000	310,000	119,936	(190,064)	109,021
Other	11,500	10,650	42,762	32,112	6,964
State Sources					
Capital Construction	-	-	66,691	66,691	67,774
PERA on Behalf Contribution	-	-	29,024	29,024	-
Grants and Donations	-	-	87,374	87,374	41,575
Federal Sources					
Grants and Donations	536,234	431,771	418,112	(13,659)	376,066
TOTAL REVENUES	3,292,063	3,056,967	3,094,828	37,861	3,171,305
EXPENDITURES					
Current					
Salaries	1,444,642	1,269,893	1,284,532	(14,639)	1,224,667
Employee Benefits	460,360	435,876	420,891	14,985	370,444
Purchased Services	923,249	847,999	1,170,386	(322,387)	1,049,356
Supplies and Materials	89,303	115,262	163,764	(48,502)	144,943
Property	187,606	216,670	76,723	139,947	91,642
Other	72,720	68,315	10,259	58,056	10,594
Debt Service					
Principal	28,997	28,997	33,812	(4,815)	25,891
Interest	-	-	3,447	(3,447)	-
TOTAL EXPENDITURES	3,206,877	2,983,012	3,163,814	(180,802)	2,917,537
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	85,186	73,955	(68,986)	(142,941)	253,768
OTHER FINANCING SOURCES					
Lease Proceeds	-	-	40,550	40,550	-
NET CHANGE IN FUND BALANCE	85,186	73,955	(28,436)	(102,391)	253,768
FUND BALANCE, Beginning	58,271	253,768	126,000	(127,768)	(127,768)
FUND BALANCE, Ending	$ 143,457	$ 327,723	$ 97,564	$ (230,159)	$ 126,000

See the accompanying independent auditor's report.

COPERNI 3 CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 4,304,939	$ 4,266,551	$ 3,713,843	$ (552,708)	$ 2,762,374
Mill Levy Override	-	-	187,157	187,157	99,976
Charges for Services	-	-	78,174	78,174	2,931
Network Support	-	415,000	554,353	139,353	665,089
Contributions	115,000	119,120	126,571	7,451	629,812
Other	21,000	20,550	48,309	27,759	120,046
State Sources					
Capital Construction	-	-	100,633	100,633	102,266
PERA On Behalf Contribution	-	-	46,379	46,379	-
Grants and Donations	-	-	139,046	139,046	65,205
Federal Sources					
Grants and Donations	663,684	717,059	804,102	87,043	908,222
TOTAL REVENUES	5,104,623	5,538,280	5,798,567	260,287	5,355,921
EXPENDITURES					
Current					
Salaries	2,249,569	2,294,216	2,281,797	12,419	1,686,868
Employee Benefits	694,013	716,086	717,157	(1,071)	506,271
Purchased Services	1,272,720	1,489,870	1,286,528	203,342	1,367,966
Supplies and Materials	126,656	167,698	247,011	(79,313)	206,355
Property	305,882	782,465	492,832	289,633	920,327
Other	10,100	11,100	15,934	(4,834)	20,343
Debt Service					
Principal	98,112	98,112	68,386	29,726	64,872
Interest	52,500	52,500	48,986	3,514	52,500
Lease Principal	-	-	392,220	(392,220)	-
Lease Interest	-	-	148,419	(148,419)	-
TOTAL EXPENDITURES	4,809,552	5,612,047	5,699,270	(87,223)	4,825,502
NET CHANGE IN FUND BALANCE	295,071	(73,767)	99,297	173,064	530,419
FUND BALANCE, Beginning	89,703	530,418	177,930	(352,488)	(352,489)
FUND BALANCE, Ending	$ 384,774	$ 456,651	$ 277,227	$ (179,424)	$ 177,930

See the accompanying independent auditor's report.

COPERNI 2 CHARTER SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2022

TABLE OF CONTENTS

FINANCIAL SECTION

PROSPECTIVE BUSINESS SOLUTIONS, LLC
Certified Public Accountants
Auditing, Accounting, and Consulting Services for Governments and Nonprofit Organizations

Board of Directors
Coperni 2 Charter School
Colorado Springs, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Coperni 2 Charter School (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Coperni 2 Charter School as of June 30, 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Littleton, CO 80120

Auditor's Responsibilities for the Audit of the Financial Statements

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the 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 School's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the School's proportionate share, and the schedules of the School's contributions on pages 48-52 be presented to supplement the basic financial statements. Such information, 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.

PB Solutions LLC

Littleton, Colorado
October 6, 2022

Third Future Schools
Coperni 2
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Third Future Schools (TFS) as managers of Coperni 2 (C2), School we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Coperni 2 for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the statistical section of the financial statements.

Financial Highlights

The year ending June 30, 2022, represented the fifth year of school operations the general fund revenue totaled $3,094,828. Expenditures totaled $3,163,814 when including other financing sources, the fund balance ended with $97,564. The total assets for C2 in the General Fund were $391,942 and the total liabilities were $$294,378.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a board overview of Coperni 2's finances, in a manner like a private-sector business.

The statement of net position presents information on all Coperni 2's assets, deferred outflows of resources, liabilities, and deferred inflows or resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Coperni 2 is improving or deteriorating.

The statement of activities presents information showing how Coperni 2's net position changed during the year. All Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flow changes in future fiscal periods.

The financial results of the Coperni 2 under a government-wide accounting presentation are materially impacted by GASB 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB State No 27*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Under GASB 68 and 75, Coperni 2 must report liabilities for its proportionate share of the entire underfunded status of these respective plans.

Third Future Schools
Coperni 2
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Excluding GASB 68 and 75, C2 would have a net position of ($375,938). That deficit is largely due to the deficit net position of the Building Corporation. ($471,559). In the Statement of Net Position total assets were $6,620,250, total liabilities (6,996,188). The amounts excluded would be deferred outflows, deferred inflows, and the net pension and net OPEB liabilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Coperni 2, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, Coperni 2 maintains the governmental fund – its General Fund reported on a GASB basis – which reports most activity related to the day-to-day operations of the school. The Building Corporation is reported as an Internal Service Fund, see Footnotes page 10 and page 12.

Coperni 2 adopts an annual budget for its general fund. A budgetary comparison had been provided for the general fund in the financial statements to demonstrate compliance with the budget.

Notes to the Financial Statements

The next section of the basic financial statements are the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the budgetary information for the school.

Third Future Schools
Coperni 2
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Coperni's basic services are accounted for in a governmental fund. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps the reader determine if there are more or less financial resources available to finance Coperni's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Coperni 2 adopts an annual budget on a fund basis. The budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of Third Future Schools in determining what activities will be pursued and what services will be provided by Coperni 2 during the year. It also authorizes the Coperni 2 to obtain funds from identified sources to finance these current period activities. The budgetary statement provided demonstrates how well Coperni 2 has complied with the budget ordinance and how Coperni 2 has succeeded in providing the services as planned when the budget was adopted

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indictor of Coperni 2's financial position. As of June 30, 2022, Coperni 2's net position was $(3,177,336). Coperni 2 had unrestricted net position deficit of $(2,565,811) as of June 30, 2022, which is significantly impacted by GASBs 68 and 75 as previously discussed. Following is a condensed statement of net position as of June 30, 2022:

Third Future Schools
Coperni 2
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Condensed Statement of Net Position

ASSETS	2021	2022
Cash and Investments	$ 97,813	$ 551,918
Accounts Receivable	47,112	193,833
Prepaid Expenses	108,031	-
Deposits	70,813	500
Capital Assets, Not Depreciated	-	5,840,207
Capital Assets, Net of Accumulated Depreciation	-	33,792
Total Assets:	323,769	6,620,250
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB Liability	2,163,187	80,058
Related to Pensions	104,603	842,089
Total Deferred Outflows of Resources:	2,267,790	922,147
LIABILITIES		
Accounts Payable	20,585	42,525
Accrued Salary and Benefits Liability	105,660	103,770
Due to Others	71,524	148,083
Accrued Interest Payable	-	151,075
		-
Noncurrent Liabilities		
Due in One Year	28,997	13,487
Due in More than One Year	-	6,537,248
Net OPEB Liability	122,477	114,732
Net Pension Liability	3,371,288	2,371,466
Total Liabilities:	3,720,531	9,482,386
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB Liability	47,470	46,582
Related to Pensions	1,456,794	1,190,765
Total Deferred Inflows of Resources:	1,504,264	1,237,347
NET POSITION		
Investment in Capital Assets	-	(674,793)
Restricted for Emergencies (Tabor)	54,871	63,268
Unrestricted	(2,668,107)	(2,565,811)
Total Net Position:	**$ (2,633,236)**	**$ (3,177,336)**

Third Future Schools
Coperni 2
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Coperni 2s primary source of revenue during the year was per pupil revenue. TFS/C2 incurred expenses related to instruction, support services, and long-term debt during the fiscal year-end June 30, 2022.

Condensed Statement of Activities

		2021		2022
REVENUES				
Operating Grants and Contributions	$	1,221,879	$	934,983
Capital Grants and Contributions		67,774		66,691
General Revenues		2,129,640		2,028,894
TOTAL REVENUES		**3,419,293**		**3,030,568**
EXPENDITURES				
Current				
Instructional		2,123,734		1,632,874
Supporting Services		1,490,593		1,787,272
Interest and Fiscal Charges		-		154,522
TOTAL EXPENDITURES		**3,614,327**		**3,574,668**
NET CHANGE IN NET POSITION		**(195,034)**		**(544,100)**
NET POSITION, Beginning,		**(2,438,202)**		**(2,633,2363**
NET POSITION, Ending	**$**	**(2,633,236)**	**$**	**(3,177,336)**

Financial Analysis of the School's Funds

As noted earlier, Coperni 2 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Coperni 2's general fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Coperni 2's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Third Future Schools
Coperni 2
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

At the end of the current fiscal year, unassigned fund balance of the General Fund was $33,796 and total fund balance of $97,564. Coperni 2 is required by statute to keep an emergency reserve, which was $63,268 as of June 30, 2022.

Actual revenues were greater than budgeted by $37,861 while actual expenditures were greater than budgeted by $180,802. This was a result of additional salaries and supplies. Most of the increase in expenses was due to payments to DYAD personnel and substitutes.

Long-term Debt. The balance of Coperni 2's long term debt is $6,550,735 as of June 30, 2022 (this excludes the Pension and OPEB liabilities. More details can be found in notes 5 and 6 of the footnotes to the financial statements.

In December 2021, the Colorado Educational and Cultural Facilities Authority ("CECFA) issued Charter School Revenue Bonds, Series 2021A in the amount of $5,645,000 and Series 2021B in the amount of $870,000 for a total of $6,515,000. Proceeds of the bonds were used to purchase the Coperni 2's educational facility. See note 5 of the footnotes to the Financial Statements.

The Government Accounting Standard Board (GASB) initiated statement 87 to provide consistent accounting for all leases. By doing so, leases are more accurately categorized on financial statements as financings of the right to use an asset for a predetermined period of time. GASB 87 leases are now generally called financings, instead of upholding the previous distinction between capital and operating leases. This is a new line in AAL financial statement.

Economic Factors and Next Year's Budget

The primary factor driving the budget will be student enrollment. The Funded Pupil Count (FPC) projected for the 2022-2023 school year is 200, which is a decrease of 30 in FPC from the 2021-2022 school year. This is a major factor in preparing Coperni 2's budget for the fiscal year 2022-2023.

Requests for Information

This report is designed to provide an overview of the Coperni 2's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to James Terry, Chief Finance Officer at 431 Sable Blvd, Aurora, CO 80011, or email James.Terry@ThirdFuture.org.

BASIC FINANCIAL STATEMENTS

COPERNI 2 CHARTER SCHOOL

STATEMENT OF NET POSITION
As of June 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 197,609
Restricted Cash and Investments	354,309
Grants Receivable	173,393
Due from CSI	20,440
Deposits	500
Capital Assets, Depreciated, Net of Accumulated Depreciation	5,840,207
Right to Use Assets, Net of Accumulated Amortization	33,792
TOTAL ASSETS	6,620,250
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	842,089
Related to OPEB	80,058
TOTAL DEFERRED OUTFLOWS OF RESOURCES	922,147
LIABILITIES	
Accounts Payable	42,525
Accrued Salaries and Benefits	103,770
Due to Related Parties	148,083
Accrued Interest Payable	151,075
Noncurrent Liabilities	
Due in One Year	13,487
Due in More than One Year	6,537,248
Net Pension Liability	2,371,466
Net OPEB Liability	114,732
TOTAL LIABILITIES	9,482,386
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	1,190,765
Related to OPEB	46,582
TOTAL DEFERRED INFLOWS OF RESOURCES	1,237,347
NET POSITION	
Net Investment in Capital Assets	(674,793)
Restricted for Emergencies	63,268
Unrestricted	(2,565,811)
TOTAL NET POSITION	$ (3,177,336)

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

COPERNI 2 CHARTER SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	$ 1,632,874	$ -	$ 152,383	$ -	$ (1,480,491)
Supporting Services	1,787,272	-	782,600	66,691	(937,981)
Interest and Other Fiscal Charges	154,522	-	-	-	(154,522)
Total Governmental Activities	$ 3,574,668	$ -	$ 934,983	$ 66,691	(2,572,994)
GENERAL REVENUES					
Per Pupil Revenue					1,888,410
Mill Levy Override					96,994
Earnings on Investments					728
Other					42,762
TOTAL GENERAL REVENUES					2,028,894
CHANGE IN NET POSITION					(544,100)
NET POSITION, Beginning					(2,633,236)
NET POSITION, Ending					$ (3,177,336)

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

COPERNI 2 CHARTER SCHOOL

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2022

		GENERAL FUND
ASSETS		
Cash and Investments	$	197,609
Grants Receivable		173,393
Due from CSI		20,440
Deposits		500
TOTAL ASSETS	$	391,942
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$	42,525
Accrued Salaries		103,770
Due to Academy for Advanced Learning		146,938
Due to Coperni 3		1,145
TOTAL LIABILITIES		294,378
FUND BALANCES		
Nonspendable		500
Restricted for Emergencies		63,268
Unassigned		33,796
TOTAL FUND BALANCES		97,564
TOTAL LIABILITIES AND FUND BALANCES	$	391,942

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

COPERNI 2 CHARTER SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds		$ 97,564
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Right to Use Asset	40,550	
Accumulated Amortization	(6,758)	$ 33,792
Long-term liabilities and related assets are not due and payable in the current period and ,therefore, are not reported in the funds.		
Lease Payable	(35,735)	
Net Pension Liability	(2,371,466)	
Net OPEB Liability	(114,732)	(2,521,933)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources - Related to Pensions	842,089	
Deferred inflows of resources - Related to Pensions	(1,190,765)	
Deferred outflows of resources - Related to OPEB	80,058	
Deferred inflows of resources -Related to OPEB	(46,582)	(315,200)
Internal Service Funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position		(471,559)
Net position of governmental activities		$ (3,177,336)

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

COPERNI 2 CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
Year Ended June 30, 2022

	GENERAL FUND
REVENUES	
Local Sources	$ 2,493,627
State Sources	183,089
Federal Sources	418,112
TOTAL REVENUES	3,094,828
EXPENDITURES	
Current	
Instruction	1,627,966
Supporting Services	1,498,589
Debt Service	
Principal	33,812
Interest	3,447
TOTAL EXPENDITURES	3,163,814
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(68,986)
OTHER FINANCING SOURCES	
Lease Proceeds	40,550
NET CHANGE IN FUND BALANCES	(28,436)
FUND BALANCES, Beginning	126,000
FUND BALANCES, Ending	$ 97,564

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

COPERNI 2 CHARTER SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND.
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds			$ (28,436)
Capital outlay to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position an allocated over their estimated useful lives as annual depreciation or amortization expense in the statement of activities.			
	Capital Outlay	40,550	
	Depreciation and amortization	(6,758)	33,792
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Lease Principal Payments	4,815	
	Loan Principal Payments	28,997	33,812
Lease proceeds are reported as financial resources in the governmental funds and fi increase fund balance. In the government-wide financial statements those amounts are capitalized and amortized			(40,550)
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide statements those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	(55,247)	
	Deferred charges related to OPEB	(15,912)	(71,159)
The Internal Service Fund is used by management to charge the cost of lease payments to the governmental funds. The net income (loss) of the Internal Service Fund is reported with the governmental activities.			(471,559)
Change in net position of governmental activities			$ (544,100)

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

COPERNI 2 CHARTER SCHOOL

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2022

	Governmental Activities Internal Service Fund
ASSETS	
Current Assets	
Restricted Cash and Investments	$ 354,309
Total Current Assets	354,309
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	5,840,207
Total Noncurrent Assets	5,840,207
TOTAL ASSETS	6,194,516
LIABILITIES	
Current Liabilities	
Accrued Interest Payable	151,075
Bonds Payable, Current Portion	-
Total Current Liabilities	151,075
Noncurrent Liabilities	
Bonds Payable	6,515,000
Total Noncurrent Liabilities	6,515,000
TOTAL LIABILITIES	6,666,075
NET POSITION	
Net Investment in Capital Assets	(674,793)
Unrestricted	203,234
TOTAL NET POSITION	$ (471,559)
	-

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

COPERNI 2 CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
Year Ended June 30, 2022

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Rent Income	$ 151,075
TOTAL OPERATING REVENUES	151,075
OPERATING EXPENSES	
Purchased Services	270,901
Depreciation	201,386
TOTAL OPERATING EXPENSES	472,287
NET OPERATING INCOME (LOSS)	(321,212)
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	728
Interest Expense	(151,075)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(150,347)
CHANGE IN NET POSITION	(471,559)
NET POSITION, Beginning	-
NET POSITION, Ending	$ (471,559)

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

COPERNI 2 CHARTER SCHOOL

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended June 30, 2022
Increase (Decrease) in Cash and Cash Equivalents

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations	$ 151,075
Cash Paid to Suppliers	(270,901)
Net Cash Used by Operating Activities	(119,826)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(6,041,593)
Proceeds from Debt Issuance	6,515,000
Interest Payments	-
Net Cash Provided by Capital Financing Activities	473,407
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	728
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	354,309
CASH AND CASH EQUIVALENTS, Beginning	-
CASH AND CASH EQUIVALENTS, Ending	$ 354,309
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (321,212)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	201,386
Total Adjustments	201,386
Net Cash Provided by Operating Activities	$ (119,826)

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

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>***

The Coperni 2 Charter School (the "School") was formed pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School was originally authorized under the name of Monarch Classical School of the Arts, under a contract with the Colorado Charter School Institute (the "Institute") pursuant to the Colorado Charter School Institute Act. In December 2018, the School signed a merger agreement with Monarch Classical School of the Arts. Per this agreement, the School would assume charter contract with the Institute and would continue operations under the name of Coperni 2.

The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principals. Following is a summary of the more significant policies:

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the School and organizations for which the School is financially accountable. It is also financially accountable for legally separate organizations if the School's officials appoint a voting majority for the organization's governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School. The School may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the School includes the following organization within its reporting entity:

<u>Coperni 2 Building Corporation</u>

The Coperni 2 Corporation (the "Corporation"), a blended component unit, was formed to support the School to perform its function and to carry out its purpose, specifically to provide a mechanism to issue debt on behalf of the School. The Corporation is considered to be part of the School for financial reporting purposes because their resources are entirely for the benefit of the School. The activities of the Corporation are reported in the School's financial statements as an internal service fund. Separate financial statements are not available for the Corporation.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of net position reports all financial, capital and debt resources of the School. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the School is reported as net position.

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

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

Intergovernmental revenues, grants, and interest 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. All other revenue items are considered to be measurable and available only when cash is received by the School.

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

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

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

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

In addition, the School reports the following fund type:

The *Internal Service Fund* accounts for the activities of the Coperni 2 Building Corporation

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the School considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Property and equipment of the School is depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	30 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were $103,770. The accrued compensation is reported as a liability in the General Fund.

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

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

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

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Compensated Absences – The School's policy allows employees to accumulate paid time off. Employees who resign or terminate employment will be paid for their unused paid time off up to a maximum of 8 days provide they have completed five of more years of service to the School. At June 30, 2022, no liability has been accrued for these compensated absences.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

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 used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School reports deposits as nonspendable at June 30, 2022.

- 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. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action 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 (ordinance or resolution) that was employed 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. The School did not have any committed resources as of June 30, 2022.

- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted or committed. The School did not have any assigned resources as of June 30, 2022.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

- 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 fund balance.

Risk Management

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The School purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

Income Taxes

The School is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2022.

Subsequent Events

The School has evaluated events subsequent to the year ended June 30, 2022 through October 6, 2022, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

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

State Compliance

At June 30, 2022, actual expenditures in the General Fund exceeded budgeted amounts by $180,802. This may be a violation of state statute.

NOTE 3: ***CASH AND INVESTMENTS***

At June 30, 2022, cash and investments consist of the following:

Petty Cash	$ 300
Deposits	197,309
Investments	354,309
Total	$ 551,918

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. At June 30, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: ***CASH AND INVESTMENTS*** *(Continued)*

Deposits (Continued)

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.

Cash Pooled in Third Future Schools (TFS) Network

During the year ended June 30, 2022 the School, as part of the TFS Network, started using a pooled cash process. Cash deposits are held at a single operating bank account for the Network's three schools: Academy of Advanced Learning, Coperni 2, and Coperni 3.

At June 30, 2022 the School's balance in equity in pooled cash was $197,309. The bank balances with the financial institutions were $752,266. Of these balances, $250,000 was covered by federal depository insurance and $502,266 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Custodial Risk

The School has no policy regarding custodial credit risk for deposits.

Investments

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: ***CASH AND INVESTMENTS*** (*Continued)*

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The School does not have a formal investment policy to limit credit risk. However, the School follows state statutes regarding investments.

Local Government Investment Pool

The School has invested $354,309 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statues, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to $1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAm by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: ***CASH AND INVESTMENTS*** *(Continued)*

Investments (Continued)

The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statues, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

Restricted Cash and Investments

At June 30, 2022, cash and investments in the amount of $354,309 are restricted in the Internal Service Fund for debt service requirements.

NOTE 4: ***CAPITAL ASSETS***

Capital Asset activity for the year ended June 30, 2022 is summarized below:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities				
Capital Asset, Being Depreciated				
Building	-	6,041,593	-	6,041,593
Right to Use Asset	-	40,550	-	40,550
Total Capital Assets, Being Depreciated	-	6,082,143	-	6,082,143
Accumulated Depreciation				
Building	-	201,386	-	201,386
Right to Use Asset	-	6,758	-	6,758
Total Depreciation	-	208,144	-	208,144
Net Capital Assets	$ -	$ 5,873,999	$ -	$ 5,873,999

Depreciation and amortization have been charged to the Supporting Services program of the School.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 5: ***LONG-TERM DEBT***

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Note Payable - CSI	$ 28,997	$ -	$ 28,997	$ -	$ -
Bond Payable	-	6,515,000	-	6,515,000	-
Net Pension Liability	3,371,288	-	999,822	2,371,466	-
Net OPEB Liability	122,477	-	7,745	114,732	-
Total	$ 3,522,762	$ 6,515,000	$ 1,036,564	$ 9,001,198	$ -

Notes Payable – CSI

In January 2019, the Charter School Institute authorized an Assistance Fund loan to the School in the amount of $75,000 to cover the necessary expenditures related to the School's operations. The loan carries 0% interest and is repayable in monthly installments over a three-year period starting in July 2019. The note was paid in full during the year ended June 30, 2022.

Series 2021 Charter School Revenue Bonds

In December 2021, the Colorado Educational and Cultural Facilities Authority ("CECFA) issued Charter School Revenue Bonds, Series 2021A in the amount of $5,645,000 and Series 2021B in the amount of $870,000. Proceeds of the bonds were used to purchase the School's educational facility. The School is required to make lease payments to the Corporation for the use of the building and the Corporation is required to make equal payments to the Trustee, for payment of the bonds.

The Series 2021A bonds carry an interest rate of 4.250% and the Series 2021B bonds carry an interest rate of 5.50%. Semi-annual interest payments are due on January 1 and July 1, beginning on July 1, 2022. Annual principal payments are due on July 1 beginning on July 1, 2025 through 2029. A final balloon payment in the amount of $6,010,000 is due on July 1, 2029.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 5: ***LONG-TERM DEBT*** (Continued)

Series 2021 Charter School Revenue Bonds (Continued)

The Series 2021A bonds maturing on July 1, 2029 are subject to redemption prior to maturity, at the option of the Corporation, as a whole or in part in authorized denominations, in any order of maturity and in whole or partial maturities, on July 1, 2025 and on any date thereafter, upon direction by the Corporation and upon payment of par plus accrued interest through the date of redemption.

The Series 2021B bonds are subject to redemption prior to maturity, on any date, at the option of the Corporation, as a whole or in part in authorized denominations, in any order of maturity and in whole or partial maturities, upon direction by the Corporation and upon payment of par plus accrued interest through the date of redemption.

The Series 2021B bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the loan agreement, the Corporation is required to provide funds for deposit into the bond principal fund and bond interest fund sufficient to redeem the principal amount of the bonds maturing on July 1, 2029.

Future debt service requirements on the bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ -	$ 151,075	$ 151,075
2024	-	287,763	287,763
2025	-	287,763	287,763
2026	115,000	287,763	402,763
2027	125,000	281,437	406,437
2028-2030	6,275,000	801,963	7,076,963
Total	$ 6,515,000	$ 2,097,764	$ 8,612,764

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 5: ***LONG-TERM DEBT*** (Continued)

Financial Covenants

The Series 2021A and 2021B Charter School Revenue Bonds require the School meet certain financial covenants. These covenants are tested at June 30 of each year and a certification whether the balances required have been met. At June 30, 2022, the School was required to maintain a coverage ratio of 1.1, maintain emergency reserves as required under Article X, Section 20(5) (Tabor), maintain cash on hand of not less than 40 days, and maintain cumulative unrestricted cash reserves sufficient to meet all accrued and unrestricted salary obligations of the School. At June 30, 2022, the School does not meet its cash on hand and coverage ratio covenants.

NOTE 6: ***CHANGE IN ACCOUNTING PRINCIPLES-LEASES***

For the year ended June 30, 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the School's financial statements for the year ended June 30, 2022.

Copier Lease Agreements

In December 2021, the School entered into a lease agreement with Xerox to lease a copier in the amount of $40,550. The interest rate on the leases is 8.5%. The lease payment schedules require the School to make monthly lease payments of $1,377 beginning on January 1, 2022 through January 1, 2025.

The following is a summary of the School's copier lease transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Copier Lease	$ -	$ 40,550	$ 4,815	$ 35,735	$ 13,487

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: ***CHANGE IN ACCOUNTING PRINCIPLES-LEASES***

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 13,487	$ 3,038	$ 16,525
2024	14,633	1,891	16,524
2025	7,615	646	8,261
Total	$ 35,735	$ 5,575	$ 41,310

Total lease expense for the year ended June 30, 2022 was $8,262.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***<u>DEFINED BENEFIT PENSION PLAN</u>***

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2021. 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.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

General Information about the Pension Plan (Continued)

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times 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 also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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, 2022: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
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	9.88%
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	**19.88%**

**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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $249,359 for the year ended June 30, 2022.

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 $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the total annual payroll of the

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***__DEFINED BENEFIT PENSION PLAN__*** (Continued)

General Information about the Pension Plan (Continued)

SCHDTF, State Division Trust Fund, Judicial Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of $2,371,466 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 School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	$2,371,466
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	271,858
Total	$2,643,324

At December 31, 2021, the School's proportion was 0.0204%, which was a decrease of 0.00192% from its proportion measured as of December 31, 2020.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

For the year ended June 30, 2022, the School recognized pension expense of $268,643 and revenue of $29,024 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$90,789	N/A
Changes of assumptions or other inputs	181,044	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	$891,600
Changes in proportion and differences between contributions recognized and proportionate share of contributions	453,629	299,165
Contributions subsequent to the measurement date	116,627	N/A
Total	$842,089	$1,190,765

$116,627 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, 2023. 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:	
2023	$ 80,146
2024	($189,552)
2025	($247,676)
2026	($108,221)

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Actuarial assumptions. The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019**.**

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

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

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.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

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

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 Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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%.

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 member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated 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 (actual dollars), 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. 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, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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 members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$3,490,604	$2,371,466	$1,437,587

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/investments/pera-financial-reports.

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $12,794 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of $114,732 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.0133%, which was an increase of 0.0004160% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of $28,451. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$175	$27,204
Changes of assumptions or other inputs	2,375	6,224
Net difference between projected and actual earnings on OPEB plan investments	N/A	7,102
Changes in proportion and differences between contributions recognized and proportionate share of contributions	71,524	6,052
Contributions subsequent to the measurement date	5,984	N/A
Total	$80,058	$46,582

$5,984 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, 2023. 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:	
2023	$18,684
2024	$17,735
2025	($7,590)
2026	($1,372)
2027	$ 27
Thereafter	$ 8

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age			
Price inflation	2.30%			
Real wage growth	0.70%			
Wage inflation	3.00%			
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
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	4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029			
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029			
DPS benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	N/A			
Medicare Part A premiums	N/A			

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage	596	199	562

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

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

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.

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. Effective
December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

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

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

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.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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.

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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$111,437	$114,732	$118,549

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Discount rate. The discount rate used to measure the TOL 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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.

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

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	$133,29	$114,732	$98,915

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR at www.copera.org/investments/pera-financial-reports.

NOTE 9: ***RELATED PARTY TRANSACTIONS***

The School is a member of the Third Future Schools Network ("TFS" or the "Network")

For the year ended June 30, 2022, the Network included the following locations:

TFS – Academy of Advanced Learning
TFS – Coperni 2
TFS – Coperni 3

At June 30, 2022, Coperni 2 owed $146,938 to the Academy of Advanced Learning and $1,145 to Coperni 3. The amounts were loaned to the school to provide additional funding for operations.

During the fiscal year ended June 30, 2022, the Network transferred $345,525 to Coperni 2 to provide additional funding for operations. Coperni 2 paid fees in the amount of $167,291 to the Network.

COPERNI 2 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The School believes it has complied with the Amendment.

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2022, the emergency reserve of $63,268 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

NOTE 11: ***DEFICIT NET POSITION***

At June 30, 2022, the net position of the governmental activities is in a deficit position in the amount of $3,177,336 due to the School including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75.

At June 30, 2022, the net position of the Internal Service Fund is in a deficit position in the amount of $471,559. The deficit is a result of the capital assets depreciating faster than the principal balance of the related debt is paid. Management expects this deficit to be eliminated once the School makes annual principal payments on its debt.

REQUIRED SUPPLEMENTARY INFORMATION

COPERNI 2 CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 2,434,329	$ 2,304,546	$ 1,888,410	$ (416,136)	$ 1,808,431
Mill Levy Override	-	-	96,994	96,994	66,257
Charges for Services	-	-		-	-
Network Support	-	-	345,525	345,525	695,217
Grants and Contributions	310,000	310,000	119,936	(190,064)	109,021
Other	11,500	10,650	42,762	32,112	6,964
State Sources					
Capital Construction	-	-	66,691	66,691	67,774
PERA on Behalf Contribution	-	-	29,024	29,024	-
Grants and Donations	-	-	87,374	87,374	41,575
Federal Sources					
Grants and Donations	536,234	431,771	418,112	(13,659)	376,066
TOTAL REVENUES	3,292,063	3,056,967	3,094,828	37,861	3,171,305
EXPENDITURES					
Current					
Salaries	1,444,642	1,269,893	1,284,532	(14,639)	1,224,667
Employee Benefits	460,360	435,876	420,891	14,985	370,444
Purchased Services	923,249	847,999	1,170,386	(322,387)	1,049,356
Supplies and Materials	89,303	115,262	163,764	(48,502)	144,943
Property	187,606	216,670	76,723	139,947	91,642
Other	72,720	68,315	10,259	58,056	10,594
Debt Service					
Principal	28,997	28,997	33,812	(4,815)	25,891
Interest	-	-	3,447	(3,447)	-
TOTAL EXPENDITURES	3,206,877	2,983,012	3,163,814	(180,802)	2,917,537
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	85,186	73,955	(68,986)	(142,941)	253,768
OTHER FINANCING SOURCES					
Lease Proceeds	-	-	40,550	40,550	-
NET CHANGE IN FUND BALANCE	85,186	73,955	(28,436)	(102,391)	253,768
FUND BALANCE, Beginning	58,271	253,768	126,000	(127,768)	(127,768)
FUND BALANCE, Ending	$ 143,457	$ 327,723	$ 97,564	$ (230,159)	$ 126,000

See the accompanying independent auditor's report.

COPERNI 2 CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019	2018
Proportion of the Net Pension Liability (Asset)	0.02040%	0.02223%	0.01766%	0.01912%
Proportionate Share of the Net Pension Liability (Asset)	$ 2,371,466	$ 3,371,288	$ 2,638,799	$ 3,385,986
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	271,858	-	334,699	462,988
Total Proportionate Share of the Net Pension Liability (Asset)	2,643,324	3,371,288	2,973,498	3,848,974
Covered payroll	$ 1,273,560	$ 1,191,927	$ 1,037,270	$ 525,625
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	207.6%	282.8%	286.7%	732.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.86%	66.99%	64.52%	57.01%

NOTE: Information for the prior six years was not available for this report

See the accompanying independent auditor's report.

COPERNI 2 CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020	2019
Contractually Required Contributions	$ 249,358	$ 256,918	$ 220,863	$ 189,253
Contributions in Relation to the Contractually Required Contributions	249,358	256,918	220,863	189,253
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,254,329	$ 1,229,271	$ 1,139,645	$ 989,299
Contributions as a Percentage of Covered Payroll	19.88%	20.90%	19.38%	19.13%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditor's report.

COPERNI 2 CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019	2018
Proportion of the Net OPEB Liability (Asset)	0.01330%	0.01289%	0.01154%	0.01243%
Proportionate Share of the Net OPEB Liability (Asset)	$ 114,732	$ 122,477	$ 129,664	$ 169,109
Covered payroll	$ 1,273,560	$ 1,191,927	$ 1,037,270	$ 525,625
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.01%	10.28%	12.50%	32.17%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditor's report.

COPERNI 2 CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020	2019
Contractually Required Contributions	$ 12,794	$ 12,539	$ 11,624	$ 10,091
Contributions in Relation to the Contractually Required Contributions	12,794	12,539	11,624	10,091
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,254,329	$ 1,229,271	$ 1,139,645	$ 989,299
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditor's report.

COPERNI 3 CHARTER SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2022

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FINANCIAL SECTION

PROSPECTIVE BUSINESS SOLUTIONS, LLC
Certified Public Accountants
Auditing, Accounting, and Consulting Services for Governments and Nonprofit Organizations

Board of Directors
Coperni 3 Charter School
Colorado Springs, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Coperni 3 Charter School (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Coperni 3 Charter School as of June 30, 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the 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 School's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the School's proportionate share, and the schedules of the School's contributions on pages 45-49 be presented to supplement the basic financial statements. Such information, 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.

PB Solutions LLC

Littleton, Colorado
October 6, 2022

Third Future Schools
Coperni 3
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Coperni 3 (C3), is one of six schools managed by Third Future Schools. We offer readers of C3's financial statements this narrative overview and analysis of the financial activities of the C3 for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the school's financial statements, which follow this narrative.

Financial Highlights

The year ending June 30, 2022, represented the third year of school operations with revenue of $5,798,567. Total General Fund expenditures were $5,699,270 with an increase to the Fund Balance of $99,297 for a total ending Fund Balance of $277,227.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to C3's basic financial statements. The school's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements designed to provide readers with a board overview of C3's finances, in a manner like a private-sector business.

The statement of net position presents information on all C3's assets, deferred outflows of resources, liabilities, and deferred inflows or resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of C3 is improving or deteriorating.

The statement of activities presents information showing how C3's net position changed during the year. All Changes in net position reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flow changes in future fiscal periods.

The financial results of the C3 under a government-wide accounting presentation are materially impacted by GASB 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB State No 27*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Under GASB 68 and 75, TFS/C3 must report liabilities for its proportionate share of the entire underfunded status of these respective plans. Also, GASB 87 accounting for leases has an impact of C3's financial statements.

Third Future Schools
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Excluding the impact of GASB 68 and GASB 75, the assets of C3 exceeded its liabilities at the close of the most recent fiscal year by $1,757,835. However, due to GASB 68 and GASB 75, stating the Public Employees' Pension Association of Colorado (PERA) the liabilities and deferred inflows of resources of C3 exceeded the assets and deferred outflows of resources causing a deficit net position of ($832,253) on a government wide basis.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. C3, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements, C3 maintains one governmental fund – its General Fund – which reports all activity, including that of the Building Corporation.

C3 adopts an annual budget for its general fund. A budgetary comparison had been provided for the general fund in the financial statements to demonstrate compliance with the budget.

Notes to the Financial Statements

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the budgetary information for the school.

Third Future Schools
Coperni 3
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Governmental Funds – Governmental funds used to account for those functions reported as governmental activities in the government-wide financial statements. The school's basic services are accounted for in a governmental fund. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps the reader determine if there are financial resources available to finance the school's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

C3 adopts an annual budget on a fund basis. The budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the school during the year. It also authorizes the school to obtain funds from identified sources to finance these current period activities. The budgetary statement provided demonstrates how well the school has complied with the budget ordinance and whether or not the school has succeeded in providing the services as planned when the budget was adopted

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indictor of C3's financial position. As of June 30, 2022, C3's net position was ($832,253). Net investment in capital assets was $1,480,608 as of June 30, 2022. C3 had unrestricted net position deficit of ($2,429,758) as of June 30, 2022, which is significantly impacted by GASBs 68 and 75 as previously discussed. Following is a condensed statement of net position as of June 30, 2022:

Third Future Schools
Coperni 3
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Condensed Statement of Net Position

ASSETS	2021	2022
Cash and Investments	$ 47,634	$ 317,441
Accounts Receivables	257,808	465,549
Prepaid Expenses	195,972	-
Deposits	83,573	83,573
Capital Assets, Not Depreciated	254,517	-
Right to Use Assets, Net of Accumulated Amortization		3,187,533
Capital Assets, Net of Accumulated Depreciation	2,443,306	2,901,533
Total Assets:	3,282,810	6,955,629
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB Liability	143,603	184,557
Related to Pensions	3,606,927	2,687,612
Total Deferred Outflows of Resources:	3,750,530	2,872,169
LIABILITIES		
Accounts Payable	18,438	61,990
Accrued Salary and Benefits Liability	139,657	180,665
Due to Other Schools/Network	248,962	346,681
Noncurrent Liabilities		
Due in One Year	68,918	474,299
Due in More than One Year	1,349,945	4,134,159
Net OPEB Liability	139,912	183,334
Net Pension Liability	3,857,001	3,789,442
Total Liabilities:	5,822,833	9,170,570
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB Liability	45,055	64,764
Related to Pensions	1,497,343	1,424,717
Total Deferred Inflows of Resources:	1,542,398	1,489,481
NET POSITION		
Investment in Capital Assets	1,278,960	1,480,608
Restricted for Emergencies (Tabor)	93,000	116,897
Unrestricted	(1,703,851)	(2,429,758)
Total Net Position:	**$ (331,891)**	**$ (832,253)**

Third Future Schools
Coperni 3
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

C3's primary source of revenue during the year was per pupil revenue. C3 incurred expenses related to instruction, support services, and long-term debt during the fiscal year-end June 30, 2022.

Condensed Statement of Net Position

	2021	2022
REVENUES		
Operating Grants and Contributions	$ 2,268,328	$ 1,566,605
Capital Grants and Contributions	102,266	100,633
Charges for Services	2,931	78.174
General Revenues	3,207,415	3,949,309
TOTAL REVENUES	**5,580,940**	**5,694,721**
EXPENDITURES		
Current		
Instructional	2,784,204	3,552,673
Supporting Services	2,345,832	2,445,005
Interest and Fiscal Charges	47,104	197,405
TOTAL EXPENDITURES	**5,177,140**	**6,195,083**
NET CHANGE IN NET POSITION	**403,800**	**(500,362)**
NET POSITION, Beginning	**(735,691)**	**331,891**
NET POSITION, Ending	**$ (331,891)**	**$ (832,253)**

Financial Analysis of the School's Funds

As noted earlier, C3 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the C3's general fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing C3's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, unassigned fund balance of the General Fund was $39,342 and total fund balance of $277,227. The school required by statute to keep an emergency reserve, which was $116,897 as of June 30, 2022.

Third Future Schools
Coperni 3
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Actual revenues of $5,798,567 were greater than budgeted by $260,287 while actual expenditures of $5,699,299 were greater than budgeted by $87,223. The net change to the fund balance was an increase of $99,297.

Capital Asset and Debt Administration

Capital assets. C3's investment in capital assets is $2,901,533 as of June 30, 2022. It consists primarily of buildings and leasehold improvements. Also listed as assets because of GASB 87 the right to use assets, net of accumulated amortization was $3,187,533. More details can be found in note 4 of the footnotes to the financial statements.

Long-term Debt. The balance of C3's long term debt is $4,608,458 as of June 30, 2022 (this excludes the Pension and OPEB liabilities). More details can be found in notes 5 and 6 of the footnotes to the financial statements.

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Economic Factors and Next Year's Budget

The primary factor driving the budget will be student enrollment. The Funded Pupil Count (FPC) is currently projected for the 2022-2023 school year is 350 an increase of 12 from the estimated actuals for fiscal year end 2022 which was 338. Pupil count is a major factor in preparing C3's budget for the fiscal year 2022-2023.

Requests for Information

This report is designed to provide an overview of the school's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to James Terry, Chief Financial Officer at 431 Sable Blvd, Aurora, CO 80011, email James.Terry@ThirdFuture.org.

BASIC FINANCIAL STATEMENTS

COPERNI 3 CHARTER SCHOOL

STATEMENT OF NET POSITION
As of June 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 317,441
Grants Receivable	346,679
Due from CSI	39,551
Due From Related Party	79,319
Deposits	83,573
Capital Assets, Depreciated, Net of Accumulated Depreciation	2,901,533
Right to Use Assets, Net of Accumulated Amortization	3,187,533
TOTAL ASSETS	6,955,629
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	2,687,612
Related to OPEB	184,557
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,872,169
LIABILITIES	
Accounts Payable	61,990
Accrued Salaries and Benefits	180,665
Due to TFS Network	346,681
Noncurrent Liabilities	
Due in One Year	474,299
Due in More than One Year	4,134,159
Net Pension Liability	3,789,442
Net OPEB Liability	183,334
TOTAL LIABILITIES	9,170,570
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	1,424,717
Related to OPEB	64,764
TOTAL DEFERRED INFLOWS OF RESOURCES	1,489,481
NET POSITION	
Net Investment in Capital Assets	1,480,608
Restricted for Emergencies	116,897
Unrestricted	(2,429,758)
TOTAL NET POSITION	$ (832,253)

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

COPERNI 3 CHARTER SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	$ 3,552,673	$ -	$ 467,728	$ -	$ (3,084,945)
Supporting Services	2,445,005	78,174	1,098,877	100,633	(1,167,321)
Interest and Other Fiscal Charges	197,405	-	-	-	(197,405)
Total Governmental Activities	$ 6,195,083	$ 78,174	$ 1,566,605	$ 100,633	(4,449,671)
		GENERAL REVENUES			
		Per Pupil Revenue			3,713,843
		Mill Levy Override			187,157
		Other			48,309
		TOTAL GENERAL REVENUES			3,949,309
		CHANGE IN NET POSITION			(500,362)
		NET POSITION, Beginning			(331,891)
		NET POSITION, Ending			$ (832,253)

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

COPERNI 3 CHARTER SCHOOL

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2022

	GENERAL FUND
ASSETS	
Cash and Investments	$ 317,441
Grants Receivable	346,679
Due from CSI	39,551
Due from Related Party	79,319
Deposit	83,573
TOTAL ASSETS	$ 866,563
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	$ 61,990
Accrued Salaries and Benefits	180,665
Due to TFS Network	346,681
TOTAL LIABILITIES	589,336
FUND BALANCES	
Nonspendable	83,573
Restricted for Emergencies	116,897
Assigned	37,415
Unassigned	39,342
TOTAL FUND BALANCES	277,227
TOTAL LIABILITIES AND FUND BALANCES	$ 866,563

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

COPERNI 3 CHARTER SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds			$ 277,227
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, depreciated	3,442,104	
	Accumulated Depreciation	(540,571)	
	Right to Use Assets	3,650,201	
	Accumulated Amortization	(462,668)	6,089,066
Long-term liabilities and related assets are not due and payable in the current period and ,therefore, are not reported in the funds.			
	Loan Payable	(1,350,477)	
	Lease Payable	(3,257,981)	
	Net Pension Liability	(3,789,442)	
	Net OPEB Liability	(183,334)	(8,581,234)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Related to Pensions	2,687,612	
	Deferred inflows of resources - Related to Pensions	(1,424,717)	
	Deferred outflows of resources - Related to OPEB	184,557	
	Deferred inflows of resources - Related to OPEB	(64,764)	1,382,688
Net position of governmental activities			$ (832,253)

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

COPERNI 3 CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
Year Ended June 30, 2022

	GENERAL FUND
REVENUES	
Local Sources	$ 4,708,407
State Sources	286,058
Federal Sources	804,102
TOTAL REVENUES	5,798,567
EXPENDITURES	
Current	
Instruction	2,967,277
Supporting Services	2,073,982
Debt Service	
Principal	68,386
Interest	48,986
Lease Principal	392,220
Lease Interest	148,419
TOTAL EXPENDITURES	5,699,270
NET CHANGE IN FUND BALANCES	99,297
FUND BALANCES, Beginning	177,930
FUND BALANCES, Ending	$ 277,227

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

COPERNI 3 CHARTER SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 99,297
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlay	424,699	
Depreciation and Amortization	(683,657)	(258,958)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.		
Loan Principal Payments	68,386	
Lease Principal Payments	392,220	460,606
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide statements those amounts are capitalized and amortized.		
Deferred charges related to Pension Plan	(779,130)	
Deferred charges related to OPEB	(22,177)	(801,307)
Change in net position of governmental activities		$ (500,362)

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

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Coperni 3 Charter School (the "School") was formed pursuant to the Colorado Charter Schools Act to form and operate a charter school. On February 7, 2019, the School entered into a contract with the Colorado Charter School Institute (the "Institute") pursuant to the Colorado Charter School Institute Act, for an initial term of three years. The current contract expires June 30, 2022.

The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Following is a summary of the more significant policies:

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the School and organizations for which the School is financially accountable. It is also financially accountable for legally separate organizations if the School's officials appoint a voting majority for the organization's governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School. The School may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the following organization is included in the School's reporting entity:

Third Future Schools Building Corporation #2

The Third Future Schools Building Corporation #2 (the "Corporation"), a blended component unit, is considered to be financially accountable to the School. The purpose of the Corporation is to provide a mechanism to issue and pay debt on behalf of the School. The Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School's financial statements. Separate financial statements are not available for the Corporation.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of net position reports all financial, capital and debt resources of the School. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the School is reported as net position.

Government-Wide and Fund Financial Statements

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

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current 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.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>*** *(Continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Intergovernmental revenues, grants, and interest 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. All other revenue items are considered to be measurable and available only when cash is received by the School.

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

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

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

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

Assets, Liabilities, and Fund Balance/Net Position

<u>Deposits and Investments</u> – For purposes of the statement of cash flows, the School considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

<u>Prepaid Expenses</u> – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

<u>Capital Assets</u> – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Property and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Leasehold Improvements	15 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were $180,665. The accrued compensation is reported as a liability in the General Fund.

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

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

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Compensated Absences – The School's policy allows employees to accumulate paid time off. Employees who resign or terminate employment will be paid for their unused paid time off up to a maximum of 8 days provide they have completed five of more years of service to the School. At June 30, 2022, no liability has been accrued for these compensated absences.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (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 used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School reports deposits as nonspendable at June 30, 2022.

- 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. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action 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 (ordinance or resolution) that was employed 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. The School did not have any committed resources as of June 30, 2022.

- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. The School reports assigned resources related to Special Education Reserve as of June 30, 2022.

- 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.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

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 fund balance.

Risk Management

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The School purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

Income Taxes

The School is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2022.

Subsequent Events

The School has evaluated events subsequent to the year ended June 30, 2022, through October 6, 2022, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*** (Continued)

State Compliance

At June 30, 2022, expenditures in the General Fund exceeded budgeted amounts by $87,223. This may be a violation of state statute.

NOTE 3: ***CASH AND INVESTMENTS***

At June 30, 2022, cash and investments consist of the following:

Petty Cash	$ 400
Deposits	317,041
Total	$ 317,441

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. At June 30, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. 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.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Cash Pooled in Third Future Schools (TFS) Network

During the year ended June 30, 2022 the School, as part of the TFS Network, started using a pooled cash process. Cash deposits are held at a single operating bank account for the Network's three schools: Academy of Advanced Learning, Coperni 2, and Coperni 3.

At June 30, 2022 the School's balance in equity in pooled cash was $317,041. The bank balances with the financial institutions were $752,266. Of these balances, $250,000 was covered by federal depository insurance and $502,266 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 4: ***CAPITAL ASSETS***

Capital Asset activity for the year ended June 30, 2022 is summarized below:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	$ 254,517	$ -	$ 254,517	$ -
Capital Asset, Being Depreciated				
Buildings	1,500,000	-	-	1,500,000
Leasehold Improvements	1,262,888	679,216	-	1,942,104
Right to Use Assets	3,650,201		-	3,650,201
Total Capital Assets, Being Depreciated	6,413,089	679,216	-	7,092,305
Accumulated Depreciation				
Buildings	200,000	100,000	-	300,000
Leasehold Improvements	119,582	120,989	-	240,571
Right to Use Assets	-	462,668	-	462,668
Total Depreciation	319,582	683,657	-	1,003,239
Total Capital Assets, Being Depreciated, Net	6,093,507	(4,441)	-	6,089,066
Net Capital Assets	$ 6,348,024	$ (4,441)	$ 254,517	$ 6,089,066

Depreciation and amortization have been charged to the Supporting Services program of the School.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 5: ***LONG-TERM DEBT***

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Note Payable - CFS	$ 1,418,863	$ -	$ 68,386	$ 1,350,477	$ 73,477
Net Pension Liability	3,857,001	-	67,559	3,789,442	-
Net OPEB Liability	139,912	43,422	-	183,334	-
Total	$ 5,415,776	$ 43,422	$ 135,945	$ 5,323,253	$ 73,477

Notes Payable – CFS

In March 2019, the School entered into a loan agreement with Charter Facility Solutions ("CFS") in the amount of $1,500,000 to finance the payment of the Option Consideration required under the purchase option agreement with the CSDC Property Corporation for the purchase of the School's leased facility. Interest accrues at a rate of 3.5% and payments of principal and interest ranging from $4,375 to $9,781 are due monthly beginning April 1, 2019, through March 1, 2024, with a balloon payment for the balance due on April 1, 2024.

Future debt service requirements on the bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 73,477	$ 43,895	$ 117,372
2024	1,277,000	36,446	1,313,446
Total	$ 1,350,477	$ 80,341	$ 1,430,818

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES

For the year ended June 30, 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the School's financial statements for the year ended June 30, 2022.

Building Lease

In March 2019, the School entered into a lease agreement with CSDC Property Corporation (the "Landlord") for the School's building. The School is required to make monthly lease payments ranging from $32,953 to $46,179 to the Landlord through June 30, 2029. Total lease liability under this lease was $5,257,565. The balance at June 30, 2022 was $3,249,111. The interest rate implied in the leases is calculated at 4.25%.

A right to use asset of $3,633,156 and a lease liability of $3,633,156 were incorporated in the beginning net position of the government wide financial statements, resulting in a zero restatement.

The following is a summary of the School's Building lease transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
CSDC Property Corp	$ 3,633,156	$ -	$ 384,045	$ 3,249,111	$ 391,952

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: ***CHANGE IN ACCOUNTING PRINCIPLES-LEASES*** (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 391,952	$ 130,519	$ 522,471
2024	414,266	113,430	527,696
2025	437,600	95,372	532,972
2026	461,999	76,303	538,302
2027	487,510	56,175	543,685
2028-2029	1,055,784	47,491	1,103,275
Total	$ 3,249,111	$ 519,290	$ 3,768,401

Total lease expense for the year ended June 30, 2022 was $531,014.

Copier Lease Agreements

In July 2020, the School entered into a lease agreement with Xerox to lease a copier. Total lease liability under these leases was $28,872 and the balance at June 30, 2022 was $8,870. The interest rate implied in the leases is calculated at 8.5%. The lease payment schedules require the School to make monthly lease payments of $802 beginning in July 2020 through June 30, 2023.

A right to use asset of $17,045 and a lease liability of $17,045 were incorporated in the beginning net position of the government wide financial statements, resulting in a zero restatement.

The following is a summary of the School’s copier lease transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Copier Lease	$ 17,045	$ -	$ 8,175	$ 8,870	$ 8,870

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: ***CHANGE IN ACCOUNTING PRINCIPLES-LEASES*** (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 8,870	$ 754	$ 9,624

Total lease expense for the year ended June 30, 2022 was $9,624.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

General Information about the Pension Plan (Continued)

Benefits provided as of December 31, 2021. 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 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 also 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)

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

Contributions provisions as of June 30, 2022: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
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	9.88%
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	**19.88%**

**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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $441,283 for the year ended June 30, 2022.

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 $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the total annual payroll of the

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

SCHDTF, State Division Trust Fund, Judicial Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of $3,789,442 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 School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	$3,789,442
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	434,411
Total	$4,223,853

At December 31, 2021, the School's proportion was 0.0325%, which was an increase of 0.00705% from its proportion measured as of December 31, 2020.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

For the year ended June 30, 2022, the School recognized pension expense of $1,139,208 and revenue of $46,379 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$145,075	N/A
Changes of assumptions or other inputs	$289,296	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	$1,424,717
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$2,052,605	N/A
Contributions subsequent to the measurement date	$200,636	N/A
Total	$2,687,612	$1,424,717

$200,636 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, 2023. 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:	
2023	$1,284,713
2024	$163,802
2025	($213,327)
2026	($172,929)

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Actuarial assumptions. The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***<u>DEFINED BENEFIT PENSION PLAN</u>*** (Continued)

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

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

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

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.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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 Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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%.

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 member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated 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 (actual dollars), 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. 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, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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 members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$5,577,749	$3,789,442	$2,297,167

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/investments/pera-financial-reports.

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

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

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the 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/investments/pera-financial-reports.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

General Information about the OPEB Plan (Continued)

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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $22,641 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of $183,334 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.02126%, which was an increase of 0.00654% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of $465. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$279	$43,471
Changes of assumptions or other inputs	$3,796	$9,945
Net difference between projected and actual earnings on OPEB plan investments	N/A	$11,348
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$170,188	N/A
Contributions subsequent to the measurement date	$10,294	N/A
Total	$184,557	$64,764

$10,294 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, 2023. 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:	
2023	$29,436
2024	$27,920
2025	$28,975
2026	$9,300
2027	$11,725
Thereafter	$2,143

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age			
Price inflation	2.30%			
Real wage growth	0.70%			
Wage inflation	3.00%			
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
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	4.50% in 2021, 6.00% in 2022, gradually decreasing to 4.50% in 2029			
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029			
DPS benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	N/A			
Medicare Part A premiums	N/A			

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage	596	199	562

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

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

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.

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. Effective
December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

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

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

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.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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.

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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$178,069	$183,334	$189,433

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***<u>DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

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

Discount rate. The discount rate used to measure the TOL 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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.

- 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 HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. 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.

COPERNI 3 CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	$212,923	$183,334	$158,060

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR at www.copera.org/investments/pera-financial-reports.

NOTE 9: ***RELATED PARTY TRANSACTIONS***

The School is a member of the Third Future Schools Network ("TFS" or the "Network")

For the year ended June 30, 2022, the Network included the following locations:

TFS – Academy of Advanced Learning
TFS – Coperni 2
TFS – Coperni 3

At June 30, 2022, the School owed $346,681 to the Network. This amount was loaned to the school in a prior year to provide additional funding for operations. This amount is reported as due from other schools on the General Fund balance sheet.

During the fiscal year ended June 30, 2022, the Network transferred $124,490 to the School to provide funding for operations. The School paid network fees to the Network in the amount $308,667.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: ***RELATED ORGANIZATIONS AND RELATED PARTIES*** (Continued)

Third Future Schools Texas Network

During the year ended June 30, 2022, the School provided professional services to the Third Future Schools Texas Network.

At June 30, 2022, the School reports revenue from the provision of professional services in the amount of $78,174. The amount is reported as an amount due from related parties on the School's balance sheet.

At June 30, 2022, the School owes $1,145 to Coperni 2 for payments made by Coperni 2 on the School's behalf. The amount is reported as an amount due from related parties on the School's balance sheet.

Related Party Contracts

During the fiscal year ended June 30, 2022, the School contracted with a landscaping company owned by the School's Chief of Staff's family member to provide capital lease improvements as well as landscaping repair and maintenance services. The School paid $232,200 to the company for these services

NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 10: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The School believes it has complied with the Amendment.

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2022, the emergency reserve of $116,897 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

NOTE 11: ***DEFICIT NET POSITION***

At June 30, 2022, the net position of the governmental activities is in a deficit position in the amount of $832,253 due to the School including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75.

REQUIRED SUPPLEMENTARY INFORMATION

COPERNI 3 CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 4,304,939	$ 4,266,551	$ 3,713,843	$ (552,708)	$ 2,762,374
Mill Levy Override	-	-	187,157	187,157	99,976
Charges for Services	-	-	78,174	78,174	2,931
Network Support	-	415,000	554,353	139,353	665,089
Contributions	115,000	119,120	126,571	7,451	629,812
Other	21,000	20,550	48,309	27,759	120,046
State Sources					
Capital Construction	-	-	100,633	100,633	102,266
PERA On Behalf Contribution	-	-	46,379	46,379	-
Grants and Donations	-	-	139,046	139,046	65,205
Federal Sources					
Grants and Donations	663,684	717,059	804,102	87,043	908,222
TOTAL REVENUES	5,104,623	5,538,280	5,798,567	260,287	5,355,921
EXPENDITURES					
Current					
Salaries	2,249,569	2,294,216	2,281,797	12,419	1,686,868
Employee Benefits	694,013	716,086	717,157	(1,071)	506,271
Purchased Services	1,272,720	1,489,870	1,286,528	203,342	1,367,966
Supplies and Materials	126,656	167,698	247,011	(79,313)	206,355
Property	305,882	782,465	492,832	289,633	920,327
Other	10,100	11,100	15,934	(4,834)	20,343
Debt Service					
Principal	98,112	98,112	68,386	29,726	64,872
Interest	52,500	52,500	48,986	3,514	52,500
Lease Principal	-	-	392,220	(392,220)	-
Lease Interest	-	-	148,419	(148,419)	-
TOTAL EXPENDITURES	4,809,552	5,612,047	5,699,270	(87,223)	4,825,502
NET CHANGE IN FUND BALANCE	295,071	(73,767)	99,297	173,064	530,419
FUND BALANCE, Beginning	89,703	530,418	177,930	(352,488)	(352,489)
FUND BALANCE, Ending	$ 384,774	$ 456,651	$ 277,227	$ (179,424)	$ 177,930

See the accompanying independent auditor's report.

COPERNI 3 CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019
Proportion of the Net Pension Liability (Asset)	0.03256%	0.02551%	0.02106%
Proportionate Share of the Net Pension Liability (Asset)	$ 3,789,442	$ 3,857,001	$ 3,139,659
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	434,411	-	398,226
Total Proportionate Share of the Net Pension Liability (Asset)	4,223,853	3,857,001	3,537,885
Covered payroll	$ 2,035,061	$ 1,361,604	$ 613,516
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.2%	283.3%	511.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.86%	66.99%	64.52%

NOTE: Information for the prior seven years was not available for this report

See the accompanying independent auditor's report.

COPERNI 3 CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020
Contractually Required Contributions	$ 441,283	$ 321,491	$ 228,691
Contributions in Relation to the Contractually Required Contributions	441,283	321,491	228,691
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered payroll	$ 2,219,723	$ 1,617,153	$ 1,180,036
Contributions as a Percentage of Covered Payroll	19.88%	19.88%	19.38%

NOTE: Information for the prior seven years was not available for this report.

See the accompanying independent auditor's report.

COPERNI 3 CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019
Proportion of the Net OPEB Liability (Asset)	0.02126%	0.01472%	0.01365%
Proportionate Share of the Net OPEB Liability (Asset)	$ 183,334	$ 139,912	$ 153,386
Covered payroll	$ 2,035,061	$ 1,361,604	$ 613,516
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.01%	10.28%	25.00%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%

NOTE: Information for the prior seven years was not available for this report.

See the accompanying independent auditor's report.

COPERNI 3 CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020
Contractually Required Contributions	$ 22,641	$ 16,495	$ 12,036
Contributions in Relation to the Contractually Required Contributions	22,641	16,495	12,036
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered payroll	$ 2,219,723	$ 1,617,153	$ 1,180,036
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

NOTE: Information for the prior seven years was not available for this report.

See the accompanying independent auditor's report.

ACADEMY OF ADVANCED LEARNING

BASIC FINANCIAL STATEMENTS

June 30, 2022

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FINANCIAL SECTION

PROSPECTIVE BUSINESS SOLUTIONS, LLC
Certified Public Accountants
Auditing, Accounting, and Consulting Services for Governments and Nonprofit Organizations

Board of Directors
Academy of Advanced Learning
Aurora, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy of Advanced Learning (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy of Advanced Learning as of June 30, 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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26 West Dry Creek Circle
Suite 600
Littleton, CO 80120

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

• exercise professional judgment and maintain professional skepticism throughout the audit.

• identify and assess the 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 School's internal control. Accordingly, no such opinion is expressed.

• evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the School's proportionate share, and the schedules of the School's contributions on pages 51-55 be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The combining fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2022 on our consideration of the School'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 School'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 School's internal control over financial reporting and compliance.

PB Solutions LLC

Littleton, Colorado
October 6, 2022

Third Future Schools
Academy of Advanced Learning
(A Component of the Joint School District NO, 28-J of the counties of Adams and Arapahoe, Colorado)
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

The Academy of Advanced Learning (AAL) is one of six schools in the network of Third Future Schools. The MD&A is a narrative overview and analysis of the financial activities of AAL for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the school's financial statements, which follow this narrative.

Financial Highlights

Year ending June 30, 2022, represented the fifth year of school operations which brought in $16,320,145 in revenue in the General Fund. The total expenditure for fiscal year 2022 in the General Fund was $15,861,213. AAL's net change in fund balances was an increase of $523,066 when other financing sources are included. Total assets of the Governmental Fund amount to $3,069,142.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how AAL's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flow changes in future fiscal periods.

The financial results of the AAL under a government-wide accounting presentation are materially impacted by GASB 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB State No 27*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Under GASB 68 and 75, AAL must report liabilities for its proportionate share from the State of Colorado of the entire underfunded status of these respective plans. These State reported liabilities distorts the position of AAL's financial statements.

Third Future Schools
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Excluding the impact of GASB 68 and GASB 75, the assets of AAL exceeded its liabilities at the close of the most recent fiscal year by $11,437,632. However, due to GASB 68 and GASB 75, the liabilities and deferred inflows of resources of AAL exceeded the assets and deferred outflows of resources resulting in a deficit net position of $(6,537,878). These pension liabilities are AAL share of the Public Employees Retirement Association (PERA) of Colorado.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. AAL, like other Colorado schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements of the State of Colorado. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. The Blackhawk Building Corporation is reported as an Internal Services Fund, see page 10 of the audit report.

AAL adopts an annual budget for its general fund. A budgetary comparison had been provided for the general fund in the financial statements to demonstrate compliance with the budget.

Notes to the Financial Statements

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the budgetary information for the school.

Third Future Schools
Academy of Advanced Learning
(A Component of the Joint School District NO, 28-J of the counties of Adams and Arapahoe, Colorado)
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The school's basic services are accounted for in a governmental fund. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* providing a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the school's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

AAL adopts an annual budget on a fund basis. The budgetary comparison statements are not included in the basic financial statements but are part of the required supplementary information that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the school during the year. It also authorizes the school to obtain funds from identified sources to finance these current period activities. The budgetary statement provided demonstrates how well the school has complied with the budget ordinance and whether or not the School has succeeded in providing the services as planned when the budget was adopted

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indictor of AAL's financial position. As of June 30, 2022, AAL's net position deficit was $6,537,878. Net investment in capital assets as of June 30, 2022 is $719,787. Total assets in the Statement of Net Position as of June 30, 2022, is $22,105,474. The increase is due to the impact of GASB 87. AAL had unrestricted net position deficit of $(7,673,665) as of June 30, 2022, which is significantly distorted by the impacted of GASBs 68 and 75 as previously discussed. Following is a condensed statement of net position as of June 30, 2022:

Third Future Schools
Academy of Advanced Learning
(A Component of the Joint School District NO, 28-J of the counties of Adams and Arapahoe, Colorado)
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Condensed Statement of Net Position

		2021		2022
ASSETS				
Cash and Investments	$	2,323,559	$	210,261
Restricted Cash & Investments		374,949		333,763
Accounts Receivable		341,429		104,613
Due from Others		320,486		2,542,368
Prepaid Expenses		-		-
Deposits		161,900		161,900
Capital Assets, Net of Accumulated Depreciation		9,881,140		9,586,424
Right to Use Assets, Net of Accumulated Amortization				9,166,145
Total Assets:		13,403,463		22,105,474
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB Liability		350,556		345,214
Related to Pensions		7,556,302		4,722,005
Total Deferred Outflows of Resources:		7,906,858		5,067,219
LIABILITIES				
Accounts Payable		198,435		222,642
Accrued Salary and Benefits Liability		868,681		406,243
Due from Other Funds		213,574		-
Interest Payable		47,186		47,186
Noncurrent Liabilities				
Due in One Year		45,667		948,466
Due in More than One Year		8,822,894		17,418,079
Net OPEB Liability		466,290		492,296
Net Pension Liability		12,846,003		10,175,546
Total Liabilities:		**23,508,730**		**29,710,964**
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB Liability		150,158		173,906
Related to Pensions		4,987,001		3,825,701
Total Deferred Inflows of Resources:		5,137,159		3,999,607
NET POSITION				
Investment in Capital Assets		1,387,528		719,787
Restricted for Emergencies (Tabor)		318,016		416,000
Unrestricted		(9,041,111)		(7,673,665)
Total Net Position:	**$**	**(7,335,567)**	**$**	**(6,537,878)**

Third Future Schools
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As of and for the Year Ended June 30, 2022

AAL's primary source of revenue during the year was per pupil revenue. AAL incurred expenses related to instruction, support services, and long-term debt during the fiscal year-end June 30, 2022.

Condensed Statement of Activities

	2021	2022
REVENUES		
Operating Grants and Contributions	$1,659,855	$1,939,348
Capital Grants and Contributions	279,567	275,102
General Revenues	11,497,706	10,704,585
TOTAL REVENUES	**13,437,128**	**12,919,035**
EXPENDITURES		
Current		
Instructional	5,787,470	6,150,314
Supporting Services	7,233,240	8,273,304
Interest and Fiscal Charges	373,511	820,789
TOTAL EXPENDITURES	**13,394,221**	**15,244,407**
NET CHANGE IN NET POSITION	**42,907**	**797,689**
NET POSITION, Beginning	**-$7,378,474**	**-$7,335,567**
NET POSITION, Ending	**-$7,335,567**	**-$6,517,878**

Financial Analysis of the School's Funds

As noted earlier, AAL uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the AAL's general fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing AAL's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Third Future Schools
Academy of Advanced Learning
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Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

At the end of the current fiscal year, unassigned fund balance of the General Fund was a of $1,861,851, and total fund balance increased to $2,439,751. The AAL is required by statute to keep an emergency reserve, which is $416,000 as of June 30, 2022. AAL met this requirement.

Capital Asset and Debt Administration

Capital assets. AAL's investment in capital assets is $9,586,424 as of June 30, 2022. Details of capital assets activity for the year can be found in note 4 of the footnotes to the financial statements. GASB 87 right to use assets, net of accumulated amortization is $9,166,145.

Long-term Debt. The balance of AAL's long term debt is $18,366,545 as of June 30, 2022 (this excludes the Pension and OPEB liabilities). The reader should note there is $8,555,000 in bonds, $274,608 in Notes, GASB 87 building lease liabilities are $9,484,414, copier lease liabilities are $52,523. Total is $18,366,545.

Economic Factors and Next Year's Budget

The primary factor driving the budget will be student enrollment. The Funded Pupil Count (FPC) projected for the 2022-2023 school year in the adopted budget is currently forecasted to be 800, which is a decrease in FPC of 67 students from the 2021-2022 school year. This is a major factor in preparing AAL's budget for the fiscal year 2022-2023.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to James Terry, Chief Financial Officer at 431 Sable Blvd, Aurora, CO 80011, email James.terry@ThirdFuture.org.

BASIC FINANCIAL STATEMENTS

ACADEMY OF ADVANCED LEARNING

STATEMENT OF NET POSITION
As of June 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 210,261
Restricted Cash and Investments	333,763
Accounts Receivable	104,613
Due From District	44,618
Due From Other Schools	493,620
Due from Related Party	2,004,130
Deposits	161,900
Capital Assets, Depreciated, Net of Accumulated Depreciation	9,586,424
Right To Use Assets, Net of Accumulated Amortization	9,166,145
TOTAL ASSETS	22,105,474
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	4,722,005
Related to OPEB	345,214
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,067,219
LIABILITIES	
Accounts Payable	222,642
Accrued Salaries and Benefits	406,749
Accrued Interest Payable	47,186
Noncurrent Liabilities	
Due in One Year	948,466
Due in More than One Year	17,418,079
Net Pension Liability	10,175,546
Net OPEB Liability	492,296
TOTAL LIABILITIES	29,710,964
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	3,825,701
Related to OPEB	173,906
TOTAL DEFERRED INFLOWS OF RESOURCES	3,999,607
NET POSITION	
Net Investment in Capital Assets	719,787
Restricted for Emergencies	416,000
Unrestricted	(7,673,665)
TOTAL NET POSITION	$ (6,537,878)

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

ACADEMY OF ADVANCED LEARNING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	$ 6,150,314	$ -	$ 1,029,263	$ -	$ (5,121,051)
Supporting Services	8,273,304	3,123,061	910,085	275,102	(3,965,056)
Interest and Other Fiscal Charges	820,789	-	-	-	(820,789)
Total Governmental Activities	$ 15,244,407	$ 3,123,061	$ 1,939,348	$ 275,102	(9,906,896)
		GENERAL REVENUES			
		Per Pupil Revenue			8,411,547
		Mill Levy Override			2,287,207
		Interest			801
		Other			5,030
		TOTAL GENERAL REVENUES			10,704,585
		CHANGE IN NET POSITION			797,689
		NET POSITION, Beginning			(7,335,567)
		NET POSITION, Ending			$ (6,537,878)

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

ACADEMY OF ADVANCED LEARNING

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2022

		GENERAL FUND
ASSETS		
Cash and Investments	$	210,261
Restricted Cash and Investments		50,000
Accounts Receivable		104,613
Due From District		44,618
Due from Other Schools		493,620
Due from Related Party		2,004,130
Deposits		161,900
TOTAL ASSETS	$	3,069,142
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$	222,642
Accrued Salaries		406,749
TOTAL LIABILITIES		629,391
FUND BALANCES		
Nonspendable		161,900
Restricted for Emergencies		416,000
Unassigned		1,861,851
TOTAL FUND BALANCES		2,439,751
TOTAL LIABILITIES AND FUND BALANCES	$	3,069,142

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

ACADEMY OF ADVANCED LEARNING

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds			$ 2,439,751
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, depreciated	3,426,767	
	Accumulated Depreciation	(969,772)	
	Right To Use Assets	10,098,175	
	Accumulated Amortization	(932,030)	11,623,140
Long-term liabilities and related assets are not due and payable in the current period and ,therefore, are not reported in the funds.			
	Loan Payable	(274,608)	
	Lease Liability	(9,536,937)	
	Net Pension Liability	(10,175,546)	
	Net OPEB Liability	(492,296)	(20,479,387)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows of resources - Related to Pensions		4,722,005	
Deferred outflows of resources - Related to OPEB		345,214	
Deferred inflows of resources - Related to Pensions		(3,825,701)	
Deferred inflows of resources - Related to OPEB		(173,906)	1,067,612
Internal Service Funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.			(1,188,994)
Net position of governmental activities			$ (6,537,878)

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

ACADEMY OF ADVANCED LEARNING

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
Year Ended June 30, 2022

	GENERAL FUND
REVENUES	
Local Sources	$ 13,877,542
State Sources	815,493
Federal Sources	1,627,110
TOTAL REVENUES	16,320,145
EXPENDITURES	
Current	
Instruction	6,913,633
Supporting Services	7,904,969
Debt Service	
Principal	38,953
Interest	16,874
Principal - Leases	561,238
Interest - Leases	425,546
TOTAL EXPENDITURES	15,861,213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	458,932
OTHER FINANCING SOURCES	
Lease Proceeds	64,134
NET CHANGE IN FUND BALANCES	523,066
FUND BALANCES, Beginning	1,916,685
FUND BALANCES, Ending	$ 2,439,751

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

ACADEMY OF ADVANCED LEARNING

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds			$ 523,066
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	254,134	
	Depreciation	(230,094)	
	Amortization	(932,030)	(907,990)
Lease proceeds are reported as financial resources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.			(64,134)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Debt Principal Payments	38,953	
	Lease Principal Payments	561,238	
	Changes in Accrued Interest Payable	-	600,191
The Internal Service Fund is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the Internal Service Fund is reported with the governmental activities.			(295,808)
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide statements those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	997,460	
	Deferred charges related to OPEB	(55,096)	942,364
Change in net position of governmental activities			$ 797,689

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

ACADEMY OF ADVANCED LEARNING

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2022

	Governmental Activities Internal Service Fund
ASSETS	
Current Assets	
Restricted Cash and Investments	$ 283,763
Total Current Assets	283,763
Noncurrent Assets	
Capital Assets, Not Being Depreciated	-
Capital Assets, Net of Accumulated Depreciation	7,129,429
Total Noncurrent Assets	7,129,429
TOTAL ASSETS	7,413,192
LIABILITIES	
Current Liabilities	
Accounts Payable	-
Accrued Interest Payable	47,186
Bonds Payable, Current Portion	-
Total Current Liabilities	47,186
Noncurrent Liabilities	
Bonds Payable	8,555,000
Total Noncurrent Liabilities	8,555,000
TOTAL LIABILITIES	8,602,186
NET POSITION	
Net Investment in Capital Assets	(1,141,808)
Unrestricted	(47,186)
TOTAL NET POSITION	$ (1,188,994)

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

ACADEMY OF ADVANCED LEARNING

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Rent Income	$ 336,382
Other Revenues	-
TOTAL OPERATING REVENUES	336,382
OPERATING EXPENSES	
Purchased Services	-
Depreciation	254,622
TOTAL OPERATING EXPENSES	254,622
NET OPERATING INCOME (LOSS)	81,760
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	801
Interest Expense	(378,369)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(377,568)
CHANGE IN NET POSITION	(295,808)
NET POSITION, Beginning	(893,186)
NET POSITION, Ending	$ (1,188,994)

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

ACADEMY OF ADVANCED LEARNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended June 30, 2022
Increase (Decrease) in Cash and Cash Equivalents

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations	$ 336,382
Cash Paid to Suppliers	-
Net Cash Provided by Operating Activities	336,382
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest Payments	(378,369)
Net Cash Used by Capital Financing Activities	(378,369)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	801
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(41,186)
CASH AND CASH EQUIVALENTS, Beginning	324,949
CASH AND CASH EQUIVALENTS, Ending	$ 283,763
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ 81,760
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities	
Depreciation Expense	254,622
Total Adjustments	254,622
Net Cash Provided by Operating Activities	$ 336,382

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

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Academy of Advanced Learning (the "School") was formed in 2016 pursuant to the Colorado Charter Schools Act to form and operate a charter school. On July 1, 2016, the School entered into a contract with the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the "Aurora Public School District" or the "District") pursuant to the Colorado Charter School Act, for an initial term of five years. The current contract expires on June 30, 2022.

The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principals. Following is a summary of the more significant policies:

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the School and organizations for which the School is financially accountable. It is also financially accountable for legally separate organizations if the School's officials appoint a voting majority for the organization's governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School. The School may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the School includes the following organizations within its reporting entity:

Third Future Schools Building Corporation and Blackhawk Building Corporation

The Third Future Schools Building Corporation and the Blackhawk Building Corporation (the "Corporations"), blended component units, were formed to support the School to perform its function and to carry out its purpose, specifically to provide a mechanism to issue debt on behalf of the School. The Corporations are considered to be part of the School for financial reporting purposes because their resources are entirely for the benefit of the School. The activities of the Third Future Schools Building Corporation are blended in the School's General Fund and the Blackhawk Building Corporation is reported in the School's financial statements as an internal service fund. Separate financial statements are not available for the Corporations.

The School is a component unit of the Aurora Public School District.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of net position reports all financial, capital and debt resources of the School. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the School is reported as net position.

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

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

enough thereafter to pay liabilities of the current 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.

Intergovernmental revenues, grants, and interest 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. All other revenue items are considered to be measurable and available only when cash is received by the School.

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

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

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

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

In addition, the School reports the following fund type:

The *Internal Service Fund* accounts for the activities of the Blackhawk Building Corporation.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the School considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

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

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Property and equipment of the School is depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	15-30 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were $406,749. The accrued compensation is reported as a liability in the General Fund.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued

Deferred Outflows of Resources - In addition to assets, the statement of financial position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Compensated Absences – The School's policy allows employees to accumulate paid time off. Employees who resign or terminate employment will be paid for their unused paid time off up to a maximum of 8 days provide they have completed five of more years of service to the School. At June 30, 2022, no liability has been accrued for these compensated absences.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

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 used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School reports deposits as nonspendable at June 30, 2022.

- 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. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, and Fund Balance/Net Position (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action 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 (ordinance or resolution) that was employed 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. The School did not have any committed resources as of June 30, 2022.

- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted or committed. The School did not have any assigned resources as of June 30, 2022.

- 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 fund balance.

Risk Management

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The School purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

Income Taxes

The School is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2022.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

Subsequent Events

The School has evaluated events subsequent to the year ended June 30, 2022 through October 6, 2022, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

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

State Compliance

At June 30, 2022, the actual expenditures in the General Fund exceeded budgeted amounts by $3,513,188. This may be a violation of state statute.

NOTE 3: ***CASH AND INVESTMENTS***

At June 30, 2022 cash and investments consist of the following:

Petty Cash	$ 900
Deposits	209,361
Investments	333,763
Total	$ 544,024

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: ***CASH AND INVESTMENTS*** *(Continued)*

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. At June 30, 2022 State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. 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.

Cash Pooled in Third Future Schools (TFS) Network

During the year ended June 30, 2022 the School, as part of the TFS Network, started using a pooled cash process. Cash deposits are held at a single operating bank account for the Network's three schools: Academy of Advanced Learning, Coperni 2, and Coperni 3.

At June 30, 2022 the School's balance in equity in pooled cash was $209,361. The bank balances with the financial institutions were $752,266. Of these balances, $250,000 was covered by federal depository insurance and $502,266 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Custodial Risk

The School has no policy regarding custodial credit risk for deposits.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: ***CASH AND INVESTMENTS*** *(Continued)*

Investments

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The School does not have a formal investment policy to limit credit risk. However, the School follows state statutes regarding investments.

Local Government Investment Pools

The School has invested $50,000 in the Colorado Government Liquid Asset Trust (ColoTrust) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statues, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. The Trust operates similar to a money market fund and each share is equal in value to $1.00. ColoTrust is an external investment pool that records its investments at fair value. The School records its investment in ColoTrust using the net asset value method. ColoTrust is rated AAAm by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: ***CASH AND INVESTMENTS*** *(Continued)*

Investments (Continued)

Local Government Investment Pools (Continued)

The School has invested $283,763 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statues, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to $1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAm by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statues, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

Restricted Cash and Investments

At June 30, 2022, the School had deposits in the amount of $50,000 that are restricted to comply with the charter contract with the District. These deposits are maintained by the District in a segregated account in the amount of $100,000 which is equally funded by the two parties. The account is restricted to be used to respond to special education due process and Section 504 hearing requests.

At June 30, 2022, cash and investments in the amount of $283,763 are restricted in the Internal Service Fund for debt service and capital projects requirements.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 4: *CAPITAL ASSETS*

Capital Asset activity for the year ended June 30, 2022 is summarized below:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities				
Capital Asset, Being Depreciated				
Buildings and Improvements	7,638,673	-	-	7,638,673
Leasehold Improvements	3,224,446	190,000	-	3,414,446
Equipment	12,321	-	-	12,321
Right to Use Assets	10,034,041	64,134		10,098,175
Total Capital Assets, Being Depreciated	20,909,481	254,134	-	21,163,615
Accumulated Depreciation				
Buildings and Improvements	254,622	254,622	-	509,244
Leasehold Improvements	737,214	227,630	-	964,844
Equipment	2,464	2,464	-	4,928
Right to Use Assets	-	932,030	-	932,030
Total Depreciation	994,300	1,416,746	-	2,411,046
Net Capital Assets	$ 19,915,181	$ (1,162,612)	$ -	$ 18,752,569
	-			

Depreciation has been charged to the Supporting Services program of the School.

NOTE 5: *LONG-TERM DEBT*

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Series 2020 Charter School Bonds	$ 8,555,000	$ -	$ -	$ 8,555,000	$ -
Note Payable - CSDC	313,561	-	38,953	274,608	274,608
Net Pension Liability	12,846,003	-	2,670,457	10,175,546	-
Net OPEB Liability	466,290	26,006	-	492,296	-
Total	$ 22,180,854	$ 26,006	$ 2,709,410	$ 19,497,450	$ 274,608

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 5: ***LONG-TERM DEBT*** (*Continued)*

Series 2020 Charter School Revenue Bonds

On August 13, 2020, the Colorado Educational and Cultural Facilities Authority (“CECFA) issued Charter School Revenue Bonds, Series 2020A in the amount of $8,420,000 and Series 2020B in the amount of $135,000. Proceeds of the bonds were used to purchase the School’s facility and to make capital improvements. The School is required to make lease payments to the Blackhawk Building Corporation for the use of the building and the Blackhawk Building Corporation is required to make equal payments to the Trustee, for payment of the bonds.

The Series 2020A bonds carry an interest rate of 4.375% and the Series 2020B bonds carry an interest rate of 6.75%. Semi-annual interest payments are due on December 1 and June 1. Annual principal payments are due on June 1 beginning on June 1, 2024 through 2026. A final balloon payment in the amount of the then outstanding principal balance and all accrued interest is due on June 1, 2027.

Bonds maturing on June 1, 2025 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. The Blackhawk Building Corporation is required to deposit funds into the bond principal fund and bond interest fund sufficient to redeem the principal and interest amounts when due.

Bonds maturing on June 1, 2027 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. The Blackhawk Building Corporation is required to deposit funds into the bond principal fund and bond interest fund sufficient to redeem the principal and interest amounts when due.

Financial Covenants

The Series 2020 Charter School Revenue Bonds require the School meet certain financial covenants. These covenants are tested at June 30 of year and a certification whether the balances required have been met. At June 30, 2022, the School was required to maintain a coverage ratio of 1.1, maintain emergency reserves as required under Article X, Section 20(5) (Tabor), maintain cash on hand of not less than 40 days, and maintain cumulative unrestricted cash reserves sufficient to meet all accrued and unrestricted salary obligations of the School. At June 30, 2022, the School does not meet its cash on hand and unrestricted cash reserves covenants.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 5: ***LONG-TERM DEBT*** *(Continued)*

Series 2020 Charter School Revenue Bonds (Continued)

Future debt service requirements on the bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ -	$ 377,488	$ 377,488
2024	125,000	377,488	502,488
2025	135,000	369,050	504,050
2026	140,000	362,906	502,906
2027	8,155,000	356,782	8,511,782
Total	$ 8,555,000	$ 1,843,714	$ 10,398,714

Note Payable CSDC

In June 2017, the School entered into a loan agreement with the Charter Schools Development Corporation ("CSDC") in the amount of $700,000. Proceeds of the loan were used to make necessary improvements on the School's facility. The note carries an interest rate of 6.25%. Monthly principal and interest payments in the amount of $5,067 are due through August 2023.

Future debt service requirements on the note are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 274,608	$ 1,125	$ 275,733
Total	$ 274,608	$ 1,125	$ 275,733

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES

For the year ended June 30, 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the School's financial statements for the year ended June 30, 2022.

Building and Land Leases

The School entered into a lease agreement with PTT Properties, LLC (the "Landlord") for the School's building and surrounding land. The School is required to make monthly lease payments ranging from $17,333 to $55,449 to the Landlord through June 30, 2032. Total lease liability under this lease was $5,399,222 and the balance at June 30, 2022 was $4,925,594. The interest rate implied in the leases is calculated at 4.25%.

A right to use asset of $5,198,473 and a lease liability of $5,198,473 were incorporated in the beginning net position of the government wide financial statements, resulting in a zero restatement.

In July, 2020, the School entered into a lease agreement for an additional property with 1556 Investments LLC. The School is required to make monthly lease payments ranging from $28,368 to $51,097 to 1556 Investments LLC through June 30, 2032. Total lease liability under this lease was $5,017,214 and the balance at June 30, 2022 was $4,558,820. The interest rate implied in the leases is calculated at 4.25%.

A right to use asset of $4,835,568 and a lease liability of $4,835,568 were incorporated in the beginning net position of the government wide financial statements, resulting in a zero restatement.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: CHANGE IN ACCOUNTING PRINCIPLES-LEASES *(Continued)*

The following is a summary of the School's Building lease transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
PTT Properties	$ 5,198,473	$ -	$ 272,879	$ 4,925,594	$ 346,724
1556 Investments	4,835,568	-	276,748	4,558,820	306,110
	$ 10,034,041	$ -	$ 549,627	$ 9,484,414	$ 652,834

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 652,834	$ 407,927	$ 1,060,761
2024	742,756	382,203	1,124,959
2025	804,464	352,743	1,157,207
2026	857,730	318,852	1,176,582
2027	918,290	282,450	1,200,740
2028-2032	5,508,340	627,711	6,136,051
Total	$ 9,484,414	$ 2,371,886	$ 11,856,300

Total lease expense for the year ended June 30, 2022 was $970,724.

Copier Lease Agreements

Between October 2021 and June 2022, the School entered into various lease agreements with Xerox to lease copiers. Total lease liability under these leases was $64,134 and the balance at June 30, 2022 was $52,523. The interest rate implied in the leases is calculated at 8.5%. The lease payment schedules require the School to make monthly lease payments of $2,124.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: ***CHANGE IN ACCOUNTING PRINCIPLES-LEASES*** *(Continued)*

The following is a summary of the School's copier lease transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Copier Leases	$ -	$ 64,134	$ 11,611	$ 52,523	$ 21,024

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 21,024	$ 4,469	$ 25,493
2024	22,810	2,677	25,487
2025	8,689	736	9,425
Total	$ 52,523	$ 7,882	$ 60,405

Total lease expense for the year ended June 30, 2022 was $16,060.

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ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: *DEFINED BENEFIT PENSION PLAN*

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2021. 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.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times 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 also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

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

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

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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, 2022: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
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	9.88%
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	**19.88%**

**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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $1,189,549 for the year ended June 30, 2022.

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 $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of $10,175,546 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 School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	$10,175,546
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	1,166,496
Total	$11,342,042

At December 31, 2021, the School's proportion was 0.0874%, which was an increase 0.00243% from its proportion measured as of December 31, 2020.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

For the year ended June 30, 2022, the School recognized pension expense of ($997,460) and revenue of $124,538 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$389,561	$-
Changes of assumptions or other inputs	776,827	-
Net difference between projected and actual earnings on pension plan investments	-	3,825,701
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,982,764	-
Contributions subsequent to the measurement date	572,853	N/A
Total	$4,722,005	$3,825,701

$572,853 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, 2023. 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:	
2023	$1,753,008
2024	($95,581)
2025	($869,618)
2026	($464,358)

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Actuarial assumptions. The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of 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.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019**.**

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

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

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.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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 Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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%.

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 member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated 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 (actual dollars), 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. 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, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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 members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$14,977,572	$10,175,546	$6,168,435

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/investments/pera-financial-reports.

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

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

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan

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

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

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

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

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $61,163 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of $492,296 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.057%, which was an increase of 0.008% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of $55,096. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

	Deferred Outflows of	Deferred Inflows of Resources
Difference between expected and actual experience	$750	$116,729
Changes of assumptions or other inputs	10,192	26,704
Net difference between projected and actual earnings on OPEB plan investments	N/A	30,473
Changes in proportion and differences between contributions recognized and proportionate share of contributions	305,222	N/A
Contributions subsequent to the measurement date	29,050	N/A
Total	$345,214	$173,906

$29,050 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, 2023. 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:	
2023	$78,341
2024	$25,445
2025	$8,572
2026	$14,480
2027	$13,128
Thereafter	$2,292

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method		Entry age		
Price inflation		2.30%		
Real wage growth		0.70%		
Wage inflation		3.00%		
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
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		4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029		
Medicare Part A premiums		3.75% in 2021, gradually increasing to 4.50% in 2029		
DPS benefit structure:				
Service-based premium subsidy		0.00%		
PERACare Medicare plans		N/A		
Medicare Part A premiums		N/A		

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage	596	199	562

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

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

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.

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. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

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

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

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

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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.

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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$478,159	$492,296	$508,673

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Discount rate. The discount rate used to measure the TOL 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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.
- 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 HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: ***DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$571,750	$492,296	$424,428

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/investments/pera-financial-reports.

NOTE 9: ***RELATED ORGANIZATIONS AND RELATEED PARTIES***

The School is a member of the Third Future Schools Colorado Network ("TFS" or the "Network").

For the year ended June 30, 2022, the Network included the following locations:

TFS – Academy of Advanced Learning
TFS – Coperni 2
TFS – Coperni 3

At June 30, 2022, Coperni 2 and Coperni 3 owed $146,938 and $346,682 to the School, respectively. These amounts were loaned to the schools to provide additional funding for operations. These amounts are reported as due from other schools on the General Fund balance sheet.

During the fiscal year ended June 30, 2022, the School transferred $345,525 and $124,490 to Coperni 2 and Coperni 3, to provide funding for operations. Coperni 2 and Coperni 3 paid network fees to the School in the amount of $167,291 and $308,667, respectively.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: ***RELATED ORGANIZATIONS AND RELATEED PARTIES*** (Continued)

Third Future Schools Texas Network

During the year ended June 30, 2022, the School provided professional services to the Third Future Schools Texas Network.

At June 30, 2022, the School reports revenue from the provision of professional services in the amount of $2,647,103. Of this amount, $2,004,130 is reported as an amount due from related parties on the School's balance sheet.

Related Party Contracts

During the fiscal year ended June 30, 2022, the School contracted with a landscaping company owned by the School's Chief of Staff's family member to provide capital lease improvements as well as landscaping repair and maintenance services. The School paid $232,200 to the company for these services

NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2022 significant amounts of grant expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The School believes it has complied with the Amendment.

ACADEMY OF ADVANCED LEARNING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

Tabor Amendment (Continued)

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2022, the emergency reserve of $416,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

NOTE 11: ***DEFICIT NET POSITION***

At June 30, 2022, the net position of the governmental activities is in a deficit position in the amount of $6,537,878 due to the School including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75.

At June 30, 2022, the net position of the Internal Service Fund is in a deficit position in the amount of $1,188,994. The deficit is a result of the capital assets depreciating faster than the principal balance of the related debt is paid. Management expects this deficit to be eliminated once the School makes annual principal payments on its debt.

REQUIRED SUPPLEMENTARY INFORMATION

ACADEMY OF ADVANCED LEARNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 9,662,867	$ 8,827,246	$ 8,411,547	$ (415,699)	$ 7,937,178
Mill Levy Override	-	-	2,287,207	2,287,207	2,583,661
Charges for Services	2,703,862	2,461,937	3,123,061	661,124	-
Contributions	-	-	-	-	200,768
Other	-	-	55,727	55,727	64,956
State Sources					
Capital Construction	-	-	275,102	275,102	279,567
PERA on Behalf Contribution	-	-	124,538	124,538	-
Grants and Donations	-	-	415,853	415,853	350,219
Federal Sources					
Grants and Donations	1,138,173	2,297,348	1,627,110	(670,238)	1,108,868
TOTAL REVENUES	13,504,902	13,586,531	16,320,145	2,733,614	12,525,217
EXPENDITURES					
Current					
Salaries	4,576,313	4,694,602	6,242,605	(1,548,003)	5,042,998
Employee Benefits	1,400,892	1,492,241	1,924,742	(432,501)	1,438,320
Purchased Services	3,628,800	3,632,377	4,228,890	(596,513)	5,322,047
Supplies and Materials	338,563	261,196	724,154	(462,958)	654,874
Property	1,183,824	1,345,579	776,274	569,305	606,879
Other	833,286	861,224	921,937	(60,713)	136,046
Debt Service					
Principal	42,606	42,386	38,953	3,433	323,290
Interest	18,200	18,420	16,874	1,546	37,943
Principal - Leases	-	-	561,238	(561,238)	-
Interest - Leases	-	-	425,546	(425,546)	-
TOTAL EXPENDITURES	12,022,484	12,348,025	15,861,213	(3,513,188)	13,562,397
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,482,418	1,238,506	458,932	(779,574)	(1,037,180)
OTHER FINANCING SOURCES					
Lease Proceeds	-	-	64,134	64,134	-
Transfers	-	-	-	-	365,000
NET CHANGE IN FUND BALANCE	1,482,418	1,238,506	523,066	(715,440)	(672,180)
FUND BALANCE, Beginning	2,265,331	1,916,685	1,916,685	-	2,588,865
FUND BALANCE, Ending	$ 3,747,749	$ 3,155,191	$ 2,439,751	$ (715,440)	$ 1,916,685

See the accompanying independent auditor's report.

ACADEMY OF ADVANCED LEARNING

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019	2018	2017
Proportion of the Net Pension Liability (Asset)	0.08740%	0.08497%	0.06185%	0.04972%	0.04435%
Proportionate Share of the Net Pension Liability (Asset)	$ 10,175,546	$ 12,846,003	$ 9,241,471	$ 8,804,440	$ 14,342,116
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	1,166,496	-	1,172,163	1,203,885	-
Total Proportionate Share of the Net Pension Liability (Asset)	11,342,042	12,846,003	10,413,634	10,008,325	14,342,116
Covered payroll	$ 5,464,629	$ 4,537,866	$ 3,633,643	$ 2,733,527	$ 1,022,971
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.2%	283.1%	254.3%	322.1%	1402.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.86%	66.99%	64.52%	57.01%	43.96%

NOTE: Information for the prior five years was not available for this report

See the accompanying independent auditor's report.

ACADEMY OF ADVANCED LEARNING

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 1,189,549	$ 962,528	$ 764,365	$ 623,340	$ 412,973
Contributions in Relation to the Contractually Required Contributions	1,189,549	962,528	764,365	623,340	412,973
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,983,642	$ 4,841,687	$ 3,944,087	$ 3,258,444	$ 2,185,510
Contributions as a Percentage of Covered Payroll	19.88%	19.88%	19.38%	19.13%	18.90%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

ACADEMY OF ADVANCED LEARNING

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019	2018	2017
Proportion of the Net OPEB Liability (Asset)	0.05710%	0.04907%	0.04041%	0.03230%	0.02520%
Proportionate Share of the Net OPEB Liability (Asset)	$ 492,296	$ 466,290	$ 454,226	$ 439,728	$ 327,514
Covered payroll	$ 5,464,629	$ 4,537,866	$ 3,633,643	$ 2,733,527	$ 1,022,971
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	9.01%	10.28%	12.50%	16.09%	32.02%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%	17.53%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

ACADEMY OF ADVANCED LEARNING

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 61,033	$ 49,385	$ 40,230	$ 33,236	$ 19,015
Contributions in Relation to the Contractually Required Contributions	61,033	49,385	40,230	33,236	19,015
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,983,642	$ 4,841,687	$ 3,944,087	$ 3,258,444	$ 1,864,226
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

ACADEMY OF ADVANCED LEARNING

COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2022

	TFS NETWORK	AAL SCHOOL	TOTAL
ASSETS			
Cash and Investments	$ (4,286,415)	$ 4,496,676	$ 210,261
Restricted Cash and Investments	-	50,000	50,000
Accounts Receivable	-	104,613	104,613
Due From District	-	44,618	44,618
Due From Other Funds	-	254,279	254,279
Due from Other Schools	-	493,620	493,620
Due From Related Party	1,557,636	446,494	2,004,130
Deposits	-	161,900	161,900
TOTAL ASSETS	$ (2,728,779)	$ 6,052,200	$ 3,323,421
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	96,535	126,107	222,642
Accrued Salaries and Benefits	18,957	387,792	406,749
Due to District	-	-	-
Due To Other Funds	254,279	-	254,279
TOTAL LIABILITIES	369,771	513,899	883,670
FUND BALANCES			
Nonspendable	-	161,900	161,900
Restricted for Emergencies	-	416,000	416,000
Unassigned	(3,098,550)	4,960,401	1,861,851
TOTAL FUND BALANCES	(3,098,550)	5,538,301	2,439,751
TOTAL LIABILITIES AND FUND BALANCES	$ (2,728,779)	$ 6,052,200	$ 3,323,421

See the accompanying independent auditor's report.

ACADEMY OF ADVANCED LEARNING

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
Year Ended June 30, 2022

	TFS NETWORK	AAL SCHOOL	ELIMINATIONS	TOTAL
REVENUES				
Local Sources				
Per Pupil Revenue	$ -	$ 8,411,547	$ -	$ 8,411,547
Mill Levy Override	-	2,287,207	-	2,287,207
Network Fees	1,425,784	-	(949,826)	475,958
Services Provided to Related Party	2,360,135	286,968	-	2,647,103
Interest	-	-	-	-
Other	20,038	35,689	-	55,727
State and Federal Sources				
Grants and Donations	-	2,442,603	-	2,442,603
TOTAL REVENUES	3,805,957	13,464,014	(949,826)	16,320,145
EXPENDITURES				
Current				
Instruction	393,447	6,520,186	-	6,913,633
Supporting Services	3,530,754	5,324,041	(949,826)	7,904,969
Debt Service				
Principal	-	38,953	-	38,953
Interest	-	16,874	-	16,874
Principal - Leases	-	561,238	-	561,238
Interest - Leases	-	425,546	-	425,546
TOTAL EXPENDITURES	3,924,201	12,886,838	(949,826)	15,861,213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(118,244)	577,176	-	458,932
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	64,134	-	64,134
Transfers In	-	553,935	-	553,935
Transfers Out	(553,935)	-	-	(553,935)
TOTAL OTHER FINANCING SOURCES (USES)	(553,935)	618,069	-	64,134
NET CHANGE IN FUND BALANCE	(672,179)	1,195,245	-	523,066
FUND BALANCE, Beginning	(2,426,371)	4,343,056	-	1,916,685
FUND BALANCE, Ending	$ (3,098,550)	$ 5,538,301	$ -	$ 2,439,751

See the accompanying independent auditor's report.

COMPLIANCE

PROSPECTIVE BUSINESS SOLUTIONS, LLC
Certified Public Accountants
Auditing, Accounting, and Consulting Services for Governments and Nonprofit Organizations

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
Academy of Advanced Learning
Aurora, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy of Advanced Learning (the "School") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 School'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.

PB Solutions LLC

Littleton, Colorado
October 6, 2022

CORPORATE RESOLUTION

RESOLVED, that the Board of Directors is currently comprised of the following individuals:

Dwight Jones, President dwightjones567@gmail.com

Tammy Clementi, Vice President tammyclementi4127@gmail.com

Scott Laband, Board Member slaband@colordosucceeds.org

Dale Chu, Board Member dalechu@me.com

Michael Williams, Board Member mlw@michaellwilliams.com

BE IT FURTHER RESOLVED that the current members of the Board of Directors serve as the Corporation's officers appoint the following individual as Authorizing Representative for its accounts with Chase Bank:

Name – James Terry, Ph.D., CPA, Chief Financial Officer & Kerri Holt, Business Manager (Acting Secretary)

BE IT FURTHER RESOLVED that the following individual(s) shall be added as check signers for its accounts with Chase Bank:

Name - James Terry, Ph.D., CPA, Chief Financial Officer and Kerri Holt, Business Manager (Acting Secretary)

BE IT FURTHER RESOLVED that we are authorizing James Terry and Kerri Holt to be acting Secretary for Third Future Schools' (TFS) organizations. These organizations include:

THIRD FUTURE SCHOOLS EIN 81-2937922

THIRD FUTURE SCHOOLS-TEXAS EIN 85-0974973

THIRD FUTURE SCHOOLS BUILDING CORPORATION EIN 82-1661585

THIRD FUTURE SCHOOLS BUILDINGCORPORATION 2 EIN 83-3914924

THIRD FUTURE SCHOOLS BUILDINGCORPORATION BLACKHAWK EIN 85-1450928

BE IT FURTHER RESOLVED that the following officers and staff shall be removed as check signer/authorizing representative for its accounts with Chase Bank:

Name Angela Perea

BE IT FURTHER RESOLVED that the Board of TFS is requesting removing/deleting Angela Perea as a Secretary and signer for all of Third Future School organizations:

THIRD FUTURE SCHOOLS EIN 81-2937922

THIRD FUTURE SCHOOLS-TEXAS EIN 85-0974973

THIRD FUTURE SCHOOLS BUILDING CORPORATION EIN 82-1661585

THIRD FUTURE SCHOOLS BUILDINGCORPORATION 2 EIN 83-3914924

THIRD FUTURE SCHOOLS BUILDINGCORPORATION BLACKHAWK EIN 85-1450928

The undersigned hereby certifies that he is the duly elected and qualified Secretary and the custodian of books and records of Third Future Schools non-corporation duly formed pursuant to the laws of the state of Colorado and Texas and that the foregoing is a true record of a resolution duly adopted by the members of the Corporation's Board of Directors, and that said resolution is now in full force and effect without modification or rescission.

IN WITNESS THEREOF, I have executed my name as President/Secretary,

this ________ of ________, 2022

____
Dwight Jones, President

Coversheet

TFS Strategic Vision and the Coperni Project (update)

Section:	VII. TFS Strategic Vision and the Coperni Project (update)
Item:	A. TFS Strategic Vision and the Coperni Project (update)
Purpose:	Discuss
Submitted by:	
Related Material:	The Coperni Project TEA Final.png

THE COPERNI PROJECT

FOR "TURNAROUND" SCHOOLS

The Coperni Project is a **Texas Education Agency** and **Third Future Schools** **i**nitiative to provide high-level operational support and system-level assistance to districts to turn around chronically failing schools. Coperni Project schools will operate as 1882 Partnerships, but will be returned to full district control within three years.

3

YEARS

Coperni Project schools will operate as 1882 Partnerships, but will be returned to full district control within three years.

BENEFITS TO THE DISTRICT

- Improve accountability rating for one or several district schools in one year.
- School(s) returned to full district control within three years.
- Financial support to the district from 1882 Partnership monies, School Action Fund, or other TEA grants.
- Guaranteed 100% staffing for the Coperni Project schools.
- Coperni Project schools will serve as a “lab school” for wholescale systemic reform.

BENEFITS TO THE SCHOOL

- Innovative instructional model and staffing.
- Increase academic achievement in one year.
- 100% staffing all year.
- Student travel opportunities.
- Students offered “Dyad” courses such as piano, photography, martial arts, dance, graphic design, and others.
- TFS employs dozens of community members to teach Dyad courses.
- $75,000 average teacher salary.

WHO IS ELIGIBLE?

- Schools in districts who are part of the System of Great Schools.
- Schools that are or once were part of the ACE program.
- Current 1882 partnership schools that have failed to meet contractual goals.
- Other D, F, or unrated schools receiving permission from TEA to be part of the Coperni Project.

COPERNI PROJECT TIMELINE

PHASE I	Early Adopters	2023 - 2024	3 to 5 schools
PHASE II	Building the Infrastructure	2024 - 2025	12 schools
PHASE III	Expansion	2025 - 2028	TBD

LEARN MORE

Chris Dewitt, TEA Director of System Support
Christopher.DeWitt@tea.texas.gov

Michele Moore, TFS Chief of Strategy and Innovation
michele.moore@thirdfuture.org

TEA Texas Education Agency

TEXAS EDUCATION AGENCY | THIRD FUTURE SCHOOLS

Coversheet

TFS Board and Subsidiary Board reporting schedules for 2022-2023 school year

Section: X. TFS Board and Subsidiary Board reporting schedules for 2022-2023 school year
Item: A. TFS Board and Subsidiary Board reporting schedules for 2022-2023 school year
Purpose: FYI
Submitted by:
Related Material:
TFS-CO 2022-2023 Board meeting schedule -- revised 22 June 2022 (1).pdf
TFS Board meeting schedule -- May 2022 through May 2023 -- revised 22 June 2022 (1).pdf

THIRD FUTURE

Creating tomorrow's schools

TFS-CO Board
2022-2023 Reporting Schedule

revised 22 June 2022

The TFS Board of Directors meet bimonthly and usually on the **third Thursday of the month at 1:00 p.m.** The meeting schedule below is tentative. The Board sets specific dates and times for their meetings quarterly. At least one of the meetings in a quarter is an "in person" meeting. The others may be done via videoconference (using "Zoom"). Check the posted meeting agenda for the time and place for the in-person meetings or for the Zoom link for the video-conference meeting.

Date	Type
July	No meeting
18 August	Zoom
September	No meeting
20 October	In-person
17 November	Zoom
December	No meeting
19 January 2023	Zoom
February	No meeting
16 March	In-person
20 April	Zoom
May	No meeting
15 June	Zoom

THIRD FUTURE
Creating tomorrow's schools

TFS Board
May 2022 through May 2023 Reporting Schedule

revised 22 June 2022

The TFS Board of Directors meet bimonthly and usually on the **last Thursday of the month at 1:00 p.m. MT.** The meeting schedule below is tentative. The Board sets specific dates and times for their meetings quarterly. At least two of the meetings in a year will be "in person" meetings. However, Board members and members of the public may join via Zoom at each meeting. Check the posted meeting agenda for the time and place for the in-person meetings or for the Zoom link for the video-conference meeting.

Date	Type
26 May 2022	Zoom
23 June 2022	Zoom
25 Aug 2022	Zoom
20 Oct 2022	In-person
26 Jan 2023	Zoom
30 Mar 2023	Zoom
22 June 2023	In-person