

SOAR @ GREEN VALLEY RANCH

BASIC FINANCIAL STATEMENTS

June 30, 2014

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
SOAR @ Green Valley Ranch
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the SOAR @ Green Valley Ranch, a component unit of Denver Public School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of SOAR @ Green Valley Ranch, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on page 15 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.

John Luttrell & Associates, LLC

September 15, 2014

Management's Discussion and Analysis

As management of SOAR @ Green Valley Ranch (GVR), we offer readers of SOAR @ GVR's financial statements our narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014, the fourth year of operations as a school.

Financial Highlights

The year ended June 30, 2014 is the fourth year of operations for SOAR @ GVR. The assets of SOAR @ GVR exceeded its liabilities at the close of the most recent fiscal year by \$483,061 (net position). This was a decrease of \$75,256. The school board approved and made available \$272,474 to initiate activities to improve the academic performance of the school, of which we used \$75,256 in FY14.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to SOAR @ GVR's basic financial statements. SOAR @ GVR's basic financial statements are comprised 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 SOAR @ GVR's finances, in a manner similar to a private-sector business.

In prior years, government-wide financial statements were titled, "the statement of net *assets*." Because of a rule change under GASB 63, net assets are now titled, "net *position*." The statement of net position presents information on all of SOAR @ GVR's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SOAR @ GVR is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of SOAR @ GVR supported primarily by Per Pupil Operating Revenue or other revenues passed through from the District (Denver Public Schools). The governmental activities of SOAR @ GVR include instruction and supporting services.

The government-wide financial statements can be found on pages 1-2 of this report.

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. SOAR @ GVR, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SOAR @ GVR are governmental funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

SOAR @ GVR maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

SOAR @ GVR adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided for the funds to demonstrate compliance with the budget.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 5-14.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. In the case of SOAR @ GVR, assets exceeded liabilities by \$483,061 in FY 2014, the close of the most recent fiscal year.

SOAR @ GVR's Net Position Governmental Activities

ASSETS	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Cash and investment	508,118	603,597
Cash Held by the District	85,768	63,844
Accounts Receivable	17,109	25,706
Prepaid Expenses	-	5,057
	-----	-----
Total Assets	610,995	698,204
LIABILITIES		
Accounts Payable	34,998	60,571
Accrued Salaries and Benefits	92,936	79,316
	-----	-----
Total Liabilities	127,934	139,887
NET POSITION		
Restricted for Emergencies	113,000	98,000
Unrestricted	370,061	460,317
	-----	-----
TOTAL NET POSITION	\$ 483,061	\$ 558,317
	=====	=====

The largest portion of SOAR @ GVR's assets is in cash and investments @ 83% in FY14.

SOAR @ GVR's Statement of Activities
 Governmental
 Activities

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
REVENUE		
Per Pupil Revenue	\$3,019,852	\$2,424,334
Mill Levy Override	532,703	440,787
Capital Construction	279	24,642
Operating Grants	359,624	637,240
Charges for Services	38,655	62,010
Other	29,773	38,211
Transfer from Oakland School	50,000	-
	-----	-----
Total Revenue	4,030,886	3,627,224
EXPENSES		
Instructional	2,815,310	2,339,548
Supporting Services	1,290,832	1,084,506
	-----	-----
Total Expenses	4,106,142	3,424,054
Changes in Net Position	(75,256)	203,170
Net Position Beginning	558,317	355,147
	-----	-----
Net Position Ending	\$ 483,061	\$ 558,317
	=====	=====

The largest portion of SOAR @ GVR's revenues came from per pupil revenue @ 75% in FY14.

Financial Analysis of the Government's Funds

As noted earlier, SOAR @ GVR uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of SOAR @ GVR's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SOAR @ GVR's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$483,061, a decrease of \$75,256 from FY13. The school board approved and made available \$272,474 to initiate activities to improve the academic performance of the school, of which we used \$75,256 in FY14.

General Fund Budgetary Highlights

The School approves a final budget in May based on enrollment projections for the school year. In January after enrollment stabilizes, adjustments are made to the budget. At year-end, the school had some variances between its final budgeted and actual activities. On the revenue side, the school recognized approximately \$29,225 in additional revenues primarily due to additional funds received through other earned revenue. Additionally, expenses remained \$147,005 under budget in an effort to remain compliant with Statute and continue to expand school programs long term through reserves. There were three budget amendments approved during FY14.

Capital assets & Long-Term Debt

SOAR @ GVR has no investments in capital assets or long-term debt obligations.

Economic Factors and Next Year's Budget

The primary factor driving the budget for SOAR @ GVR is student enrollment. Enrollment for the 2013-2014 school year was 438 funded students. The projected enrollment for the 2014-2015 school year is again 438 as SOAR @ GVR will remain a K-5 school.

Requests for Information

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

SOAR @ GVR
4800 Telluride Street, Building 4
Denver, CO 80249

BASIC FINANCIAL STATEMENTS

SOAR @ GREEN VALLEY RANCH

STATEMENT OF NET POSITION
As of June 30, 2014

	Governmental Activities	
	2014	2013
ASSETS		
Cash	\$ 508,118	\$ 603,597
Cash Held by the District	85,768	63,844
Accounts Receivable	17,109	25,706
Prepaid Expenses	-	5,057
TOTAL ASSETS	<u>610,995</u>	<u>698,204</u>
LIABILITIES		
Accounts Payable	34,998	60,571
Accrued Salaries and Benefits	92,936	79,316
TOTAL LIABILITIES	<u>127,934</u>	<u>139,887</u>
NET POSITION		
Restricted for Emergencies	113,000	98,000
Unrestricted, Unreserved	370,061	460,317
TOTAL NET POSITION	<u>\$ 483,061</u>	<u>\$ 558,317</u>

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

SOAR @ GREEN VALLEY RANCH

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2014	2013
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	\$ 2,815,310	\$ 38,655	\$ 353,513	\$ -	\$ (2,423,142)	\$ (2,048,423)
Supporting Services	1,290,832	-	6,111	279	(1,284,442)	(651,739)
Total Governmental Activities	<u>\$ 4,106,142</u>	<u>\$ 38,655</u>	<u>\$ 359,624</u>	<u>\$ 279</u>	(3,707,584)	(2,700,162)
GENERAL REVENUES						
					3,019,852	2,424,334
					532,703	440,787
					29,773	38,211
SPECIAL ITEM						
					50,000	-
					<u>3,632,328</u>	<u>2,903,332</u>
TOTAL GENERAL REVENUES						
					(75,256)	203,170
CHANGE IN NET POSITION						
					558,317	355,147
NET POSITION, Beginning						
					<u>\$ 483,061</u>	<u>\$ 558,317</u>
NET POSITION, Ending						

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

SOAR @ GREEN VALLEY RANCH

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2014

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 508,118	\$ 603,597
Cash Held by District	85,768	63,844
Accounts Receivable	17,109	25,706
Prepaid Expenses	<u>-</u>	<u>5,057</u>
TOTAL ASSETS	<u>\$ 610,995</u>	<u>\$ 698,204</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 34,998	\$ 60,571
Accrued Salaries and Benefits	<u>92,936</u>	<u>79,316</u>
TOTAL LIABILITIES	<u>127,934</u>	<u>139,887</u>
FUND BALANCES		
Nonspendable	-	5,057
Restricted for Emergencies	113,000	98,000
Assigned	-	182,786
Unassigned	<u>370,061</u>	<u>272,474</u>
TOTAL FUND BALANCE	<u>483,061</u>	<u>558,317</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 610,995</u>	<u>\$ 698,204</u>

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

SOAR @ GREEN VALLEY RANCH

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
Year Ended June 30, 2014

	<u>2014</u>	<u>2013</u>
REVENUES		
Local Sources	\$ 3,725,657	\$ 3,240,905
State and Federal Sources	<u>255,229</u>	<u>386,319</u>
TOTAL REVENUES	<u>3,980,886</u>	<u>3,627,224</u>
EXPENDITURES		
Current		
Instruction	2,815,310	2,339,548
Supporting Services	<u>1,290,832</u>	<u>1,084,506</u>
TOTAL EXPENDITURES	<u>4,106,142</u>	<u>3,424,054</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(125,256)</u>	<u>203,170</u>
OTHER FINANCING SOURCES (USES)		
Transfer from Oakland School	<u>50,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	(75,256)	203,170
FUND BALANCE, Beginning	<u>558,317</u>	<u>355,147</u>
FUND BALANCE, Ending	<u>\$ 483,061</u>	<u>\$ 558,317</u>

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

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The SOAR @ Green Valley Ranch (the “School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Denver Public School District (the “District”) in the State of Colorado. The School is part of a Colorado Nonprofit Corporation to operate exclusively for educational and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The School began classes in the fall of 2010.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

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

Based on the application of these criteria, the School does not include additional organizations within its reporting entity. However, the School is a component unit of the Denver Public School District.

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 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 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 others 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 revenues not properly included as program revenues are reported instead as general revenues.

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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. Revenues are recorded when earned and expenses are recorded when a 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, generally not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

The School reports the following major governmental fund:

General Fund – This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Assets, Liabilities and Fund Balance/Net Position

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

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets - Capital assets, which include property and equipment, are reported in the governmental activities column 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 fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. For the year ended June 30, 2014, the School had no capital assets.

Unearned Revenues – Unearned revenues include grant funds that have been collected but the corresponding expense has not been incurred.

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

- Net Investment in Capital Assets includes the School's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. The School has no capital assets or outstanding debt as of June 30, 2014.
- Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The School typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

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 because they are either not spendable in form or are legally or contractually required to be maintained intact. The School has classified Prepaid Expenses as nonspendable.

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by the State Constitution 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, 2014.

- Assigned – This classification includes amounts the School intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. As part of the budget process The Board has directed staff to assign funds for future opportunities or events.
- 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.

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The School's policy allows employees to accumulate personal time off, ranging from 11 days for teachers to 40 days for administrative staff. The School also offers employees the option to receive payment for up to 10 days of unused personal time at a rate of \$100 per day at the end of every fiscal year. Upon termination of employment, it is at the Head of School's discretion to compensate employees for unused maternity/paternity/adoption leave at a rate of \$50 per day. Since payment for unused personal time is not guaranteed, no liability for accumulated sick leave is reported in the financial statements. The unrecorded liability at June 30, 2014 was \$18,606.

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 any coverage in any of the past three years.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following 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 must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end. The General Fund budget was amended during the year.

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at June 30, 2014 consisted of the following:

Cash	\$ 508,018
Cash with District	85,768
Petty Cash	<u>100</u>
Total	<u>\$ 593,886</u>

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, 2014, 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. The School has no policy regarding custodial credit risk for deposits.

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 3: *CASH AND INVESTMENTS* (Continued)

At June 30, 2014, the School had deposits with financial institutions with a carrying amount of \$508,018. The bank balances with the financial institutions were \$535,961. Of these balances, \$250,000 was covered by federal depository insurance and \$285,961 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Pooled Cash with the District

Cash deposits are pooled with the District's cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2014 the School's balance in equity in pooled cash of the District totaled \$85,768.

Investments

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

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

The School had no investments at June 30, 2014.

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 3: *CASH AND INVESTMENTS* (Continued)

Interest Rate and Credit Risk Policies

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, or a formal policy to limit credit risk. However, they follow state statutes regarding investments.

Restricted Cash and Investments

Cash in the amount of \$85,768 is restricted in the General Fund as an emergency reserve related to the TABOR amendment.

NOTE 4: *TRANSFER FROM OTHER SCHOOLS*

During the year ended June 30, 2014, SOAR @ Oakland transferred funds in the amount of \$50,000 back to SOAR @ Green Valley Ranch. These funds were part of a private contribution made to the SOAR Schools and were originally transferred to SOAR @ Oakland during its first year of operations.

NOTE 5: *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 nine months. The salaries and benefits earned, but unpaid, as of June 30, 2014, were \$92,936 in the General Fund.

NOTE 6: *PENSION PLANS*

Defined Benefit Pension Plan

Plan Description. The School contributes to the Denver Public Schools Retirement System Division of the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the School are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 6: **PENSION PLANS** (Continued)

Defined Benefit Pension Plan (Continued)

Funding Policy. The School is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 % and for the School it is 4.16 % of the total payroll for the calendar year 2014 (5.64 % of total payroll for the calendar year 2013). If the School rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, who is required to contribute 8% of covered salary. For the years ending June 30, 2014, 2013 and 2012, the School's employer contributions for the SDTF were \$84,156, \$93,295 and \$47,946, respectively, equal to the required contribution for each year.

Taxable Pension Certificates of Participation (PCOPs)

The District issued Taxable Pension Certificates of Participation (PCOPs) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the Plan. Full funding of the UAAL reduced the employer contribution rate from the full funding rate of 15.75% to the normal cost rate of 4.98%. This rate is based upon actuarially determined contribution requirements, the approval and recommendation of the Plan's Board and approval of the District's Board of Education. The School contributed 10.80%, 11.36%, and 12.21% of covered payroll for the fiscal years ended June 30, 2014, 2013, and 2012, respectively, to the District to cover its obligation relating to the PCOPs.

During the fiscal years ended June 30, 2014, 2013, and 2012, the School made contributions totaling \$230,127, \$188,513, and \$155,834, respectively, to the District towards its PCOPs obligation.

NOTE 7: **COMMITMENTS AND CONTINGENCIES**

Facilities Use Agreement

The School entered into a Facilities Use Agreement with the District for their building. The School and the District amended the Facilities Use Agreement beginning July 1, 2011. The amended agreement calculates the annual Facilities Use Fee based on number of enrolled students at a rate of \$710 per student. For fiscal year 2014, 25% of the annual fee was payable in July and October of 2013, and the balance will be due in January of 2014.

Total rent expense for the year ended June 30, 2014 for this lease was \$335,120.

SOAR @ GREEN VALLEY RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 7: **COMMITMENTS AND CONTINGENCIES** (Continued)

Line of Credit

On December 31, 2011, the School has entered into an agreement with Wells Fargo Bank for a line of credit in the amount of \$35,000. The line of credit carries an interest rate of Prime plus 6.75%, currently 10% as of June 30, 2014. The School has not drawn on the line of credit during the year ended June 30, 2014.

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. 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, 2014, 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 the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment.

As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2014, the reserve of \$113,000 was recorded as a reservation of fund balance in the General Fund. The District also holds \$85,768 in pooled cash on behalf of the School for this reserve.

NOTE 8: **SUBSEQUENT EVENTS**

The School has evaluated subsequent events through the date which the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

SOAR @ GREEN VALLEY RANCH

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2014

	2014			VARIANCE Positive (Negative)	2013 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 2,988,349	\$ 3,019,851	\$ 3,019,852	\$ 1	\$ 2,424,334
Tuition and Fees	50,000	38,000	38,655	655	62,010
Mill Levy Override	532,375	532,375	532,703	328	440,787
Grants and Donations	103,250	102,251	104,674	2,423	275,563
Other	7,266	7,266	29,773	22,507	38,211
State and Federal Sources					
Grants and Donations	251,918	251,918	255,229	3,311	386,319
TOTAL REVENUES	3,933,158	3,951,661	3,980,886	29,225	3,627,224
EXPENDITURES					
Salaries	2,265,940	2,334,443	2,217,425	117,018	1,718,212
Employee Benefits	508,063	508,063	448,057	60,006	399,607
Purchased Services	1,043,317	1,043,317	1,059,668	(16,351)	972,579
Supplies and Materials	245,749	245,749	268,264	(22,515)	174,155
Property	78,921	78,921	96,363	(17,442)	147,430
Other	42,653	42,654	16,365	26,289	12,071
TOTAL EXPENDITURES	4,184,643	4,253,147	4,106,142	147,005	3,424,054
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(251,485)	(301,486)	(125,256)	176,230	203,170
OTHER FINANCING USES					
Transfer from Oakland School	-	50,000	50,000	-	-
CHANGE IN FUND BALANCES	(251,485)	(251,486)	(75,256)	176,230	203,170
FUND BALANCE, Beginning	272,474	272,474	558,317	285,843	355,147
FUND BALANCE, Ending	<u>\$ 20,989</u>	<u>\$ 20,988</u>	<u>\$ 483,061</u>	<u>\$ 462,073</u>	<u>\$ 558,317</u>

See the accompanying independent auditors' report.