THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
CORTEZ, COLORADO

FINANCIAL STATEMENTS

June 30, 2019

Wall,
Smith,
Bateman Inc.
Certified Public Accountants

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
TABLE OF CONTENTS
June 30, 2019

INDEPENDENT AUDITORS' REPORT

Wall,
Smith,
Bateman Inc.

To the Board of Education
The Children's Kiva Montessori
Charter School Inc.
Cortez, Colorado

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of The Children's Kiva Montessori Charter School Inc. (the School), as of and for the year ended June 30, 2019 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.

Auditors' 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 auditors' 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 expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the School, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment benefits information as outlined in the table of contents 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.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 5, 2019

As Management of The Children's Kiva Montessori Charter School also known as Children's Kiva Montessori School (CKMS or the School), we offer readers of these basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

The year ending June 30, 2019, was the fifth year of operations of the School, and the most challenging since start up. Enrollment decreased from about 110 students at the beginning of the 2018-2019 school year to 76 students in January 2019. Uncertainty on whether the School would continue to operate caused much of the enrollment decline; and was due to a number of factors, including issues with our new building making it unavailable for most of the school year; negative press in local media, and the possibility that our Charter would be revoked.

In the spring of 2019, Montezuma Cortez School District required that certain benchmarks be met or it would revoke the School's Charter. The benchmarks included a specific enrollment level for the upcoming 2019-2020 school year, certificate of occupancy for our new building, and refinancing of the loans for the new building. Having met the benchmarks, the School is continuing to operate under its Charter. The School's Charter is scheduled for renewal in late 2019.

Without dedicated staff, students, families and the local community we would not have been able to continue operating during the 2018-2019 school year. Management would like to take this opportunity to commend all those who supported our School during our fifth year as a public charter school.

Overview of the Financial Statements

This discussion and analysis serve as an introduction to the School's basic financial statements. These statements are comprised of 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. The School is a 501(c) (3) non-profit corporation engaged in a single governmental program.

<u>Government-Wide Financial Statements</u> – The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

> The statement of net position presents information on the School's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.
>
> The statement of activities presents information showing how the School'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid at year end).
>
> In the statement of net position and the statement of activities, we present the School using both Governmental Activities and Business type activities. Governmental activities comprise the Schools day-to-day activities. Business type activities comprise The Building Corporation (CKBC), charged with acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements on behalf of the School.

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. The school, like other nonprofits, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds – These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Year-end balances may include monies classified as spendable, restricted, committed, assigned, or unassigned. Such classifications show the nature and extent of constraints placed on the School's fund balance by law, creditors, and the School's annually adopted budget. For example, an Unassigned Fund balance is available for spending for any purpose. 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. The statements of net position provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds – These funds are reported in the same way that the business-type are reported in the statement of net position and the statement of activities in the government-wide statements but provide more detail and additional information, such as cash flows.

Notes to the Basic 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. The notes to the basic financial statements can be found following the basic financial statements.

Required Supplementary Information – Supplementary information provides additional insight into how the School's actual operations compared to budgeted operations. Required supplementary information can be found following the notes to the basic financial statements.

Government-Wide Financial Analysis

The Statement of Net Position and Statement of Activities are shown on the following pages. These statements present the combined activities of the School and the Building Corporation.

STATEMENT OF NET POSITION
JUNE 30, 2019 AND 2018

	2019	2018	Variance
ASSETS:			
Cash	$ 134,672	$ 205,772	$ (71,100)
Accounts receivable	12,526	3,760	8,766
Intergovernmental Receivable	4,506	-	4,506
Prepaid expenses	5,059	3,600	1,459
Other current assets	-	2,000	(2,000)
Capital assets, net of accumulated depreciation	1,613,263	21,269	1,591,994
Total Assets	$1,770,026	$ 236,401	$1,533,625
Deferred Outflows of Resources	524,910	1,093,616	(568,706)
LIABILITIES:			
Accounts payable	$ 8,076	$ 9,579	$ (1,503)
Accrued expenses	36,014	62,931	(26,917)
Noncurrent liabilities	2,553,321	2,848,685	(295,364)
Total Liabilities	2,597,411	2,921,195	(323,784)
Deferred Inflows of Resources	1,017,737	115,134	902,603
NET POSITION			
Net Investment in Capital Assets	474,673	21,269	453,404
Restricted for TABOR	28,400	28,400	-
Unrestricted	(1,823,285)	(1,755,981)	(67,304)
Total Net Position	(1,320,212)	(1,706,312)	386,100

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2019 and 2018

	Fiscal Year 2019	Fiscal Year 2018	Variance
PROGRAM REVENUES			
Charges for Services	$ 82,767	$ 19,482	$ 63,285
Operating Grants and Contributions	209,687	85,663	124,024
Capital Grants and Contributions	29,915	24,156	5,759
GENERAL REVENUES			
Per Pupil revenue	782,524	753,768	28,756
Contributions	-	112,787	(112,787)
Other Revenue	-	2,897	(2,897)
In-kind Contributions	167,955	883	167,072
Investment Revenue	4,180	37	4,143
Total Revenues	1,408,272	999,673	408,599
EXPENSES			
Instructional	488,730	938,002	(449,272)
Supporting Services	462,672	692,430	(229,758)
Building Corporation	70,770	3,591	67,179
Total Expenses	1,022,172	1,634,023	(611,851)
SPECIAL ITEM			
Insurance Proceeds	131,244	-	131,244
CHANGE IN NET POSITION	386,100	(634,350)	1,020,450
NET POSITION, BEGINNING	(1,706,312)	(1,016,659)	(689,653)
PRIOR PERIOD ADJUSTMENT	-	(55,303)	55,303
NET POSITION, ADJUSTED BEGINNING	(1,706,312)	(1,071,962)	(634,350)
NET POSITION, ENDING	$ (1,320,212)	$ (1,706,312)	$ 386,100

The effect of the PERA pension and OPEB expense on the School's total net position for Fiscal Year 2019 and 2018 is summarized below:

	Fiscal Year 2019	Fiscal Year 2018
Net Position (GAAP Basis)	$(1,809,170)	$ (1,852,359)
GASB 68 - Pension	1,850,445	1,815,061
GASB 75 - OPEB	57,113	55,141
Net Position Excluding Pension and OPEB	$ 98,388	$ 17,843

The effect of the PERA pension and OPEB expense on the School's unrestricted position for Fiscal Year 2019 and 2018 is summarized below:

	Fiscal Year 2019	Fiscal Year 2018
Unrestricted Net Position (GAAP Basis)	$ (1,844,306)	$ (1,895,994)
GASB 68 - Pension	1,850,445	1,815,061
GASB 75 - OPEB	57,113	55,141
Unrestricted Net Position Excluding Pension and OPEB	$ 63,252	$ (25,792)

Management's estimate of the School's proportionate share of the State On-Behalf Direct Distribution is $10,943, which is recognized as a contribution and allocation of expenditures in the General Fund.

The School's primary source of revenue is the state equalization revenue from the Colorado Department of Education. These revenues are based on a per pupil allocation as determined by the Colorado State Legislature. The School received State per pupil funding of $7,865 for the 2018-2019 school year, based on an adjusted October 2018 pupil count of 99.5 kindergarten through eighth grade students. For the 2017-2018 school year, the School received State per pupil funding of $7,411, based on an enrollment of 101.7 kindergarten through eighth grade students. Overall, State equalization revenue increased by almost $28,756 as of June 30, 2019 compared to the same period in 2018.

Other sources of revenue include program-specific State and Federal grants, donations and student fees.

Total Revenue for the year ended June 30, 2019 also included $131,244 of Insurance Proceeds related to issues with the new building. In early November 2018, asbestos was detected in a portion of the building causing relocation to alternate facilities. In December 2018, a pipe freeze and resulting flooding caused damage to the building and extended the timeframe for asbestos removal. This delay required that the School move to another location for the remainder of the 2018-2019 school year. The costs incurred in 2018-2019 for the second move, including rental of facilities, were recovered from the School's insurance carrier. The School's share of Insurance Proceeds was $31,244 for loss of use as described above, and to a lesser extent property damage. These amounts are offset by related expenses that are included in Supporting services expenditures. The Building Corporations share of Insurance Proceeds was $100,000 for property damage. These amounts were used to continue building remodel, and therefore are included in Capital assets, net of accumulated depreciation on the Statement of Net Position.

Total Expenses decreased approximately 37% during the 2018-2019 school year compared to 2017-2018. This resulted from a reduction in teaching staff and related support due to reduced enrollment.

Fund Balances
Restricted for TABOR - The State of Colorado Taxpayers Bill of Rights law requires governmental entities to reserve 3% of its fiscal year end spending excluding any bonded debt service, of which the School has none. Accordingly, a reserve for fund balance has been established in the amount of $28,400. TABOR funds are not available to satisfy general operating expenses of the School.

Unassigned Funds – These funds are available to support general operating activities of the School. At June 30, 2019 Unassigned funds amounted to $58,193, or 63% of the School's Total Fund Balance.

Budget Variances – Governmental Fund
The School's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. In the spring of 2019, the School failed to appropriate sufficient spending for the remainder of the school year. While adequate funds were available, this resulted in expenses exceeding budgeted appropriations by $28,927. See Required Supplementary Information.

Capital Assets and Long-term Debt
In July 2018, CKBC purchased a building and land to house the School. While the School is currently housed in the new building, the building remodel is just over 50% complete. CKBC has a construction loan of almost $1.2 million related to the remodel.

Opportunities and Challenges
As mentioned previously, our fifth year of operation was the most challenging since start up. Opportunities for the School to adapt and grow, include:

- The School is in its second year with an overall rating (growth and achievement) of Priority Improvement. The school must make gains in achievement to maintain its accreditation, as measured by Colorado Department of Education;
- Retaining and attracting teaching staff is a challenge due to a statewide teacher shortage;
- Like other school districts in rural Colorado, the School is facing an increasing need for social-emotional resources to support its students;
- Phased construction of the building limits enrollment growth capacity because part of the building is still under construction; and
- Monthly lease payments for the building are scheduled to increase by 20% in the fall of 2020.

The School has a qualified core teaching staff to meet the needs of its students, and to support improved academic performance. Construction phasing has been timed to meet projected enrollment growth over the next 24 months, and such growth will help to offset increasing operating costs.

CKBC faces its own challenges in securing additional resources to complete construction of the new building, while balancing the School's enrollment growth in the future.

Request for Information
This financial report is designed to provide a general overview of the School's financial position.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Children's Kiva Montessori School at PO Box 1417, Cortez, Colorado 81321.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.

BASIC FINANCIAL STATEMENTS

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	TOTAL
ASSETS			
Current Assets			
Cash	$ 113,651	21,021	$ 134,672
Accounts Receivable	12,526	-	12,526
Intergovernmental Receivable	4,506	-	4,506
Prepaid Expenses	5,059	-	5,059
Total Current Assets	135,742	21,021	156,763
Noncurrent Assets			
Capital Assets			
Land	-	180,000	180,000
Construction in Progress	-	1,426,527	1,426,527
Equipment	42,495	-	42,495
Less: Accumulated Depreciation	(35,759)	-	(35,759)
Total Noncurrent Assets	6,736	1,606,527	1,613,263
TOTAL ASSETS	142,478	1,627,548	1,770,026
DEFERRED OUTFLOWS OF RESOURCES			
Pension (Note 9)	514,625	-	514,625
OPEB (Note 10)	10,285	-	10,285
TOTAL DEFERRED OUTFLOWS OF RESOURCES	524,910	-	524,910
LIABILITIES			
Current Liabilities			
Accounts Payable	8,076	-	8,076
Accrued Expenses	36,014	-	36,014
Total Current Liabilities	44,090	-	44,090
Noncurrent Liabilities			
Notes Payable	-	1,138,590	1,138,590
Net Pension Liability	1,347,435	-	1,347,435
Net OPEB Liability	67,296	-	67,296
Total Noncurrent Liabilities	1,414,731	1,138,590	2,553,321
TOTAL LIABILITIES	1,458,821	1,138,590	2,597,411
DEFERRED INFLOWS OF RESOURCES			
Pension (Note 9)	1,017,635	-	1,017,635
OPEB (Note 10)	102	-	102
DEFERRED INFLOWS OF RESOURCES	1,017,737	-	1,017,737
NET POSITION			
Net Investment in Capital Assets	6,736	467,937	474,673
Restricted for TABOR	28,400	-	28,400
Unrestricted	(1,844,306)	21,021	(1,823,285)
TOTAL NET POSITION	$ (1,809,170)	$ 488,958	$ (1,320,212)

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Governmental Activities**	**Business-Type Activities**	**TOTAL**
Primary Government							
Governmental Activities							
Instructional Program	$ 488,730	$ 9,557	$ 118,258	$ -	$ (360,915)	$ -	$ (360,915)
Student Supporting Services	462,672	1,856	4,282	29,915	(426,619)	-	(426,619)
Total Governmental Activities	951,402	11,413	122,540	29,915	(787,534)	-	(787,534)
Business-Type Activities							
Building Corporation	70,770	71,354	87,147	-	-	87,731	87,731
Total Business-Type Activities	70,770	71,354	87,147	-	-	87,731	87,731
Total Primary Government	$ 1,022,172	$ 82,767	$ 209,687	$ 29,915	$ (787,534)	$ 87,731	$ (699,803)
		General Revenues:					
		Per Pupil Revenue			782,524	-	782,524
		In-Kind Contributions			12,775	155,180	167,955
		Interest and Miscellaneous			4,180	-	4,180
		Total General Revenues			799,479	155,180	954,659
		Special Item:					
		Insurance Proceeds			31,244	100,000	131,244
		CHANGE IN NET POSITION			43,189	342,911	386,100
		Net Position, Beginning of Year			(1,852,359)	146,047	(1,706,312)
		Net Position, End of Year			$ (1,809,170)	$ 488,958	$ (1,320,212)

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2019

		GENERAL FUND
ASSETS		
Cash	$	113,651
Accounts Receivable		12,526
Intergovernmental Receivable		4,506
Prepaid Expenditures		5,059
TOTAL ASSETS	$	135,742
LIABILITIES		
Accounts Payable	$	8,076
Accrued Expenses		36,014
TOTAL LIABILITIES		44,090
FUND BALANCE		
Nonspendable		
Prepaid Expenditure		5,059
Restricted for:		
TABOR 3% Reserve		28,400
Unassigned		58,193
TOTAL FUND BALANCE		91,652
TOTAL LIABILITIES AND FUND BALANCE	$	135,742

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
June 30, 2019

Total governmental fund balances	$ 91,652
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,736
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds, but must be deferred in the statement of net position.	524,910
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.	(1,414,731)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.	(1,017,737)
Net position of governmental activities	$ (1,809,170)

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

		GENERAL FUND
REVENUES		
Local Sources	$	96,633
State Sources		854,706
Federal Sources		37,535
Other Sources		5,717
TOTAL REVENUES		994,591
EXPENDITURES		
Current Expenditures		
Instructional Program		457,290
Student Support Services		3,189
Instructional Staff Support Services		81,199
General Administration Support Services		24,728
School Administration Support Services		72,415
Business Support Services		100,091
Operations and Maintenance of Plant Services		142,624
Central Support Services		19,775
Food Services		4,237
TOTAL EXPENDITURES		905,548
NET CHANGE IN FUND BALANCE		89,043
Fund Balance, Beginning of Year		2,609
Fund Balance, End of Year	$	91,652

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	$ 89,043
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in capital assets in the current period.	
Depreciation expense	(8,499)
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item represents the change in pension and OPEB expense.	(37,355)
Change in net position of governmental activities	$ 43,189

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2019

	BUILDING CORPORATION
ASSETS	
Current Assets	
Cash	$ 21,021
Total Current Assets	21,021
Noncurrent Assets	
Capital Assets	
Land	180,000
Construction in Progress	1,426,527
Total Noncurrent Assets	1,606,527
TOTAL ASSETS	1,627,548
LIABILITIES	
Noncurrent Liabilities	
Notes Payable	1,138,590
TOTAL LIABILITIES	1,138,590
NET POSITION	
Net Investment in Capital Assets	467,937
Unrestricted	21,021
TOTAL NET POSITION	$ 488,958

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

	BUILDING CORPORATION
OPERATING REVENUES	
Contribution income	$ 87,147
Lease income	71,354
TOTAL OPERATING REVENUES	158,501
OPERATING EXPENSES	
Management and General Expenses	42,708
Interest Expense	28,062
TOTAL OPERATING EXPENSES	70,770
Operating Income (Loss)	87,731
NONOPERATING REVENUES	
Insurance Proceeds	100,000
In-Kind Contributions	155,180
TOTAL NONOPERATING REVENUES	255,180
CHANGE IN NET POSITION	342,911
NET POSITION, Beginning of Year	146,047
NET POSITION, End of Year	$ 488,958

The accompanying notes are an integral part of this financial statement.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

	BUILDING CORPORATION
Cash Flows from Operating Activities	
Cash Received from Lease Agreement	$ 158,501
Cash Payments for Operating Expenses	(70,770)
Net Cash Provided (Used) by Operating Activities	87,731
Cash Flows from Noncapital Financing Activities	-
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(1,445,313)
Loan Proceeds	1,138,590
Net Cash Provided (Used) by Capital and Related Financing Activities	(306,723)
Cash Flows from Investing Activities	
Insurance proceeds	100,000
Net Cash Provided (Used) by Investing Activities	100,000
Net Increase (Decrease) in Cash and Cash Equivalents	(118,992)
Cash and Cash Equivalents, Beginning of Year	140,013
Cash and Cash Equivalents, End of Year	$ 21,021
Noncash Capital and Related Financing Activities	
Capital Contributions	$ 155,180

The accompanying notes are an integral part of this financial statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Children's Kiva Montessori Charter School, Inc. (CKMCS or the School), a Colorado non-profit corporation, was created in 2014 for the sole purpose of developing and operating a public, free charter school located in Cortez, Colorado.

The School aims to provide a vibrant and engaging learning environment based on the teachings of Dr. Maria Montessori that supports all students' excellence and their ability to become empowered, creative, lifelong learners responsible for themselves, their community, and their environment.

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

Financial Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. 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.

Children's Kiva Building Corporation (CKBC or the Corporation) is considered to be financially accountable to the School. The purpose of the Corporation is to hold title to property and facilitate the acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property to be leased to 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 as a proprietary fund. Separate financial statements are not available.

The School received its charter from the Montezuma County (Cortez) School District RE-1 in regards to all reporting to and funding from the Colorado Department of Education. The School is included as a discretely presented component unit of Montezuma County (Cortez) School District RE-1.

CKMCS is managed under the direction of the Board of Directors. All Directors have been elected, appointed, or designated.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statements of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through intergovernmental revenues and other nonexchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment.

Program revenues include charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Unrestricted intergovernmental revenues not included among program revenue are reported instead as general revenues.

Fund Financial Statements

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 activities except those legally or administratively required to be accounted for in other funds.

Additionally, the School reports the following major proprietary fund:

The Building Corporation Fund – This fund is used to account for the activities of Children's Kiva Building Corporation.

Measurement Focus And Basis Of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide financial statements, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. Current Financial Resources – Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund uses a fund balance as the measure of available spendable financial resources at the end of the period.

b. Economic Resources – The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the government-wide financial statements, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within a current period or within sixty days after year end. Expenditures (including capital outlays) are recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Assets, Liabilities, and Fund Balance / Net Position

Cash

For the purpose of both the government-wide and fund financial statements, "cash" includes the checking and savings accounts for CKMCS and CKBC.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

In the fund financial statements, grants receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid expenses. Expenditures are reported in the year in which the services are consumed.

Capital Assets

In the government-wide statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. CKMCS' and CKBC's policy is to capitalize all capital assets with a unit value of $1,000 or greater. Repairs and maintenance expenses are charged as expenditures when incurred.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. Capital assets are depreciated over their estimated useful lives of five years for equipment in the General Fund.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Note Payable, bank

CKMCS entered into a note payable with a financial institution for the School's building remodel. The terms of the loan include the required Tabor clause whereas allowing for all the obligations of the School to be subject to the action of the general assembly of the State of Colorado in annually making moneys available for the School, and the School's obligations under the loan terms are not deemed or construed as creating an indebtedness of the School within the meaning of any provision of the state constitution or the laws of the State of Colorado concerning or limiting the creations of indebtedness by the School and shall constitute a multiple fiscal year direct or indirect debt or other financial obligation of the School within the meaning of Section 20(4) of article X of the state constitution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Certain amounts related to pensions and other postemployment benefits must be deferred.

In-kind

Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

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 and additions to/deductions from the fiduciary net position 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.

- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- As specified in C.R.S. § 24-51-414, the State ids required to contribute $225 million 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 the annual payroll 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

Other Postemployment Benefits (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 and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the School is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable Fund Balance* – are amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – are amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – are amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – are amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – are amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of the basic financial statements requires management to make estimated and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during reporting period. Actual results could differ from these estimates.

Reclassifications

Certain reclassifications were made to fiscal year 2018 financial statements in order to conform to the fiscal year 2019 financial statement presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The budget is not adopted for the General Fund on a basis consistent with generally accepted accounting principles.

The 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 Board of Directors may authorize supplemental appropriations during the year. The Board of Directors approved supplemental appropriations during the fiscal year ended June 30, 2019, which are reflected within the financial statements.

Stewardship

Expenditures exceeded budgeted appropriations in the General Fund by $28,927 during FY 2019. This may be a violation of Colorado Revised State Statutes 22-44-115(1).

NOTE 3 CASH AND DEPOSITS

Cash

As of June 30, 2019, the School had $134,672.

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% to the uninsured deposits.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 06/30/2018	Additions	Deletions	Balance 06/30/2019
Governmental Activities				
Total Capital Assets Not Being Depreciated	$ -	$ -	$ -	$ -
Capital Assets Being Depreciated				
Equipment	42,495	-	-	42,495
Total Capital Assets Being Depreciated	42,495	-	-	42,495
Less: Accumulated Depreciation For				
Equipment	(27,260)	(8,499)	-	(35,759)
Total Accumulated Depreciation	(27,260)	(8,499)	-	(35,759)
Net Capital Assets being depreciated	15,235	(8,499)	-	6,736
Total Capital Assets	$ 15,235	$ (8,499)	$ -	$ 6,736

	Balance 06/30/2018	Additions	Deletions	Balance 06/30/2019
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	$ -	$ 180,000	$ -	$ 180,000
Construction in progress	6,034	1,420,493	-	1,426,527
Total capital assets not being depreciated	6,034	1,600,493	-	1,606,527
Net Capital Assets being depreciated	-	-	-	-
Total Capital Assets	$ 6,034	$ 1,600,493	$ -	$ 1,606,527

Depreciation expense in the Statement of Activities – Governmental Activities for Instructional program was $8,499.

NOTE 5 ACCRUED SALARIES AND BENEFITS

The teachers are employed under ten and eleven month contracts. All School employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the School's share of benefits, has been accrued in the financial statements in the amount of $36,014.

NOTE 6 OPERATING LEASES

The School entered into three operating leases for the rental of two buildings and a parking lot commencing on April 1, 2019 through May 30, 2019. In addition, the School entered into an operating lease with the Children's Kiva Building Corporation for the rental of one building commencing on July 1, 2018 which is on a month to month basis.

Rental expenses for all operating leases for the year ended June 30, 2019, was approximately $98,104.

Future minimum rental commitments for the building operating lease as of June 30, are as follows:

Year Ended June 30,	
2020	$ 103,200
2021	120,200
2022	123,600
2023	123,600
2024	-
	$ 470,600

NOTE 7 SPECIAL ITEMS - INSURANCE PROCEEDS

In July 2018, CKBC purchased a building for use by the School. In fiscal year 2019, the building sustained water damage and asbestos was discovered in a portion of the building. CKBC and the School carried their own insurance policies. Insurance proceeds were received by the School in the amount of $31,244 for loss of use and CKBC received $100,000 for property damage. These amounts are recorded in the General Fund and proprietary fund, respectively.

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2019, were as follows:

	Beginning Balance 06/30/2018	Additions	Deletions	Ending Balance 06/30/2019	Due Within One Year
Business-type Activities:					
Notes Payable	$ -	$ 1,139,931	$ 1,341	$ 1,138,590	$ -

Notes Payable

The Children's Kiva Building Corporation entered into a $1,120,000 construction loan agreement with First Southwest Bank beginning July 2018 at a 5.069% interest rate, for the purchase and related building improvements incurred by the Corporation. All loans funds were drawn during FY2019. The payment terms of the loan provide for an interest only payment period through August 5, 2020. Regular principal and interest payments will be begin September 5, 2020. The final payment is due October 2045. The building is included in construction in progress at a cost and donated value of $1,426,527.

The Children's Kiva Building Corporation also entered into a $124,124 construction loan agreement with First Southwest Bank Community Fund, beginning July 2018 at a 5.069% interest rate, for the purchase and related building improvements incurred by the Corporation. $19,931 of the loan funds were drawn during FY2019 with the remaining funds being drawn in FY2020. The payment terms of the loan provide for an interest only payment period through August 5, 2020. Regular principal and interest payments will begin September 2020. The final payment is due October 2045.

	Principal	Interest	Total
2020	$ -	$ 63,616	$ 63,616
2021	20,689	63,491	84,180
2022	25,985	62,204	88,189
2023	27,350	60,839	88,189
2024	28,624	59,565	88,189
2025-2029	168,082	272,865	440,947
2030-2034	217,153	223,794	440,947
2035-2039	280,551	160,396	440,947
2040-2044	362,446	78,509	440,955
2045-2046	7,709	4,180	11,889
	$ 1,138,590	$ 1,049,460	$ 2,188,050

NOTE 9 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the School Division Trust Fund (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 comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018. 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 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent 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.

In all cases the service retirement benefit is limited to 100 percent 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 percent or 100 percent 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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified 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 lifetime the 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, 2018. Eligible employees, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDT are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, Through December 31	
	2019	2018
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%	-1.02%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total Employer Contribution Rate to the SCHDTF	19.13%	19.13%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million 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 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. A portion of the direct distribution

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the School reported a liability of $1,347,435 for its proportionate share of the net pension liability that reflected a reduction 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 Children's Kiva Montessori Charter School's proportionate share of the net position liability	$ 1,347,435
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with The Children's Kiva Montessori Charter School	184,243
Total	$ 1,531,678

At December 31, 2018, the School's proportion was 0.0076 percent, which was a decrease of 0.001 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019 the School recognized pension expense of $35,385 and revenue of $10,943 for support from the State as a nonemployer contributing entity. At June 30, 2019, 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	$ 45,706	$ -
Changes in assumptions and other inputs	251,505	837,960
Net difference between projected and actual earnings on pension plan investments	73,444	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	115,259	179,675
Contributions subsequent to the measurement date	28,711	-
Total	$ 514,625	$ 1,017,635

$28,711 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, 2019.

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,	
2020	$ (31,865)
2021	(314,642)
2022	(225,391)
2023	40,175
2024	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	4.78 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	0% through 2019 and 1.5% Compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy post-retirement mortality assumptions reflect the RP-2014 White Collar Employee Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, 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 by the investment consultant 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. 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 3.50%.

- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the 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 included 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 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 fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current 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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 1,713,033	$ 1,347,435	$ 1,040,637

Pension plan fiduciary net position- Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report (CAFR) which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) 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.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

PERA Benefit Structure. The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for 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 percent 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 on behalf of benefit recipients not covered by Medicare Part A.

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 percent 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 $3,750 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of $67,296 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The School's proportion of the net OPEB liability was based on School contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the School proportion was 0.0049 percent, which was an increase of .00005 from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019 the School recognized OPEB expense of $1,970. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 244	$ 102
Net difference between projected and actual earnings on OPEB plan investments	387	-
Changes of assumptions or other inputs	472	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,486	-
Contributions subsequent to the measurement date	1,696	-
Total	$ 10,285	$ 102

$1,696 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, 2019.

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,	
2020	1,967
2021	1,967
2022	1,967
2023	2,236
2024	7
Thereafter	-

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025

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.

The actuarial assumptions used in December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop were adopted by the PERA Board during the November 18, 2016, Board Meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is $422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium- free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	**Cost for Members Without Medicare Part A**
Self-Funded Medicare Supplement Plans	$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, 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.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care cost assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 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
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	$65,438	$67,296	$69,434

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. 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, 2018, 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 3.50%.
- 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.

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

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

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 75,299	$ 67,296	$ 60,455

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report (CAFR) which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 11 CONCENTRATION OF CREDIT RISK

CKMCS' financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable. CKMCS places its cash with high credit quality institutions. CKMCS routinely assesses the financial strength of its donors and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

NOTE 12 RISK OF LOSS

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.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Preschool Agreement

The School entered into an agreement with The Children's Kiva (Preschool) in December 2013. Under the Montessori philosophy, schools typically group in three, four and five year olds together in a single early childhood classroom; the Preschool facilitates the early childhood (ages three through five) program which provides continuity for the children entering kindergarten at age five. As a result, the School reimburses the Preschool for expenses incurred on behlf of the kindergarten class (five year olds). The agreement has no set termination date.

During the year ended June 30, 2019, the School transferred about $111,564 of PPOR and other funding sources to the Preschool, and the Preschool paid the School $5,717 for contracted services provided. As of June 30, 2019, $849 was due to the School from the Preschool for additional contract services provided by the School.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

Litigation

Various claims and lawsuits are pending against the Children's Kiva Building Corporation. After consideration of application insurance policy coverage and relative merits of each claim or lawsuit, it is the opinion of Corporation counsel that the potential ultimate liability resulting from these actions, if any, will not require additional accrued reserves and will not have a material adverse financial effect on the Corporation.

NOTE 14 TABOR EMERGENCY RESERVE

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

NOTE 15 SUBSEQUENT EVENT

The School has evaluated subsequent events through November 5, 2019, the date which the financial statements were available to be issued.

During fiscal year 2019 CKBC entered into two loan agreements for a total of $1,244,124 to purchase and renovate a building for use by the School. Construction costs incurred through June 30, 2019, were $1,327,516. The building remodel is 49% complete as of June 30, 2019. The next phase of renovation, including additional classroom space, is expected to be completed by August 2020. Ongoing building renovation is expected to continue over the next several years.

NOTE 16 RELATED PARTY

The School leases a building from CKBC, a component unit. In addition, CKBC purchased an insurance policy through an insurance agency owned by one of their board members.

CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.

REQUIRED SUPPLEMENTARY INFORMATION

A budgetary comparison schedule is required for the General Fund and, if applicable, each of the School's major special revenue funds. In addition, pension and OPEB plan contributions and the School's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements.

THE CHILREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
GENERAL FUND
For the Year Ended June 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ 52,430	$ 52,430	$ 96,633	$ 44,203
State Sources	781,330	796,241	843,763	47,522
Federal Sources	23,015	23,015	37,535	14,520
Other Sources	-	-	5,717	5,717
TOTAL REVENUES	856,775	871,686	983,648	111,962
EXPENDITURES				
Current Expenditures				
Instructional Program	425,642	425,642	450,629	(24,987)
Student Support Services	-	-	3,189	(3,189)
Instructional Staff Support Services	102,386	102,386	79,572	22,814
General Administration Support Services	5,910	13,133	24,728	(11,595)
School Administration Support Services	62,189	62,189	70,747	(8,558)
Business Support Services	80,832	93,828	99,152	(5,324)
Operations and Maintenance of Plant Services	78,220	88,460	142,576	(54,116)
Central Support Services	58,485	73,431	19,775	53,656
Food Services	4,000	4,000	4,237	(237)
Reserves	2,609	2,609	-	2,609
TOTAL EXPENDITURES	820,273	865,678	894,605	(28,927)
Change in Fund Balance - Budget Basis	36,502	6,008	89,043	83,035
Non-Budgeted Revenue (Expenditure)				
PERA State Contribution Revenue			10,943	
PERA State Contribution (Expense)			(10,943)	
Change in Fund Balance - GAAP Basis			89,043	
FUND BALANCE, Beginning of Year	(25,971)	2,609	2,609	-
FUND BALANCE, End of Year	$ 10,531	$ 8,617	$ 91,652	$ 83,035

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.0076095950%	0.0086128314%	0.0075041262%	0.0059947651%	0.0043469455%
School's proportionate share of the net pension liability (asset)	$ 1,347,435	$ 2,785,084	$ 2,234,269	$ 916,857	$ 589,157
State's proportionate share of the net pension liability (asset) associated with the School	184,243	-	-	-	-
Total	$ 1,531,678	$ 2,785,084	$ 2,234,269	$ 916,857	$ 589,157
School's covered payroll	$ 367,658	$ 397,300	$ 336,799	$ 261,250	$ 75,877
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	366.49%	701.00%	663.38%	350.95%	776.46%
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.96%	43.10%	59.20%	62.80%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 9 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2019	2018	2017	2016	2015
Contractually required contribution	$ 70,993	$ 74,017	$ 64,511	$ 45,275	$ 29,920
Contributions in relation to the contractually required contribution	(70,993)	(74,017)	(64,511)	(44,226)	(29,920)
Contribution deficiency (excess)	$ -	$ -	$ -	$ 1,049	$ -
School's covered payroll	418,340	397,300	336,799	261,250	75,877
Contributions as a percentage of covered payroll	16.97%	18.63%	19.15%	17.33%	39.43%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 9 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2019	2018	2017
School's proportion of the net OPEB liability	0.0049462770%	0.0048937813%	0.0042654402%
School's proportionate share of the net OPEB liability (asset)	$ 67,296	$ 63,600	$ 55,303
School's covered payroll	$ 367,658	$ 397,300	$ 336,799
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	18%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	16.72%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

Notes to the Required Supplementary Information:

See Note 10 in the accompanying Notes to the Basic Financial Statements for changed to assumptions or other inputs used.

THE CHILDREN'S KIVA MONTESSORI CHARTER SCHOOL, INC.
SCHEDULE OF CONTRIBUTIONS
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2019	2018	2017
Contractually required contribution	$ 3,750	$ 4,105	$ 3,437
Contributions in relation to the contractually required contribution	3,750	4,105	3,437
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered payroll	$ 418,340	$ 397,300	$ 336,799
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

Notes to the Required Supplementary Information:

See Note 10 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.