

AMERICAN ACADEMY

FINANCIAL STATEMENTS

June 30, 2015

AMERICAN ACADEMY

ROSTER OF SCHOOL OFFICIALS

June 30, 2015

BOARD OF DIRECTORS

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SCHOOL MANAGEMENT

Erin Kane, Executive Director of Schools

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Board of Directors
American Academy
Castle Pines, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the American Academy, component unit of Douglas County School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the American Academy, 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 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 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, the business-type activities, and each major fund of the American Academy as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in the year ended June 30, 2015, the American Academy adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed 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 information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Supplementary Information)

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



October 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2015

The subsequent Management Discussion and Analysis (MD&A) of American Academy financial performance provides an overall review of financial activities for the fiscal year ended June 30, 2015. The intent of this narrative overview and analysis is to review the school's financial performance as a whole. Readers should also review Financial Statements, including the Notes to Financial Statements, to expand understanding of the school's financial performance.

American Academy is a high-performing Core Knowledge, PreK-8, public charter school with a special emphasis on science, technology, engineering and math (STEM) and an outstanding visual and performing arts program. For more information on the school, you can visit their website anytime at www.aak8.org.

Financial Highlights

The period from July 1, 2014 through June 30, 2015 is the tenth year of operation for American Academy. During 2014/15, American Academy recognized student growth of 13% compared with the prior year as the school continued to expand Parker campus enrollment to serve the seventh grade. As of June 30, 2015, fund balance for combined campus operations had increased over 50% from prior year to reach \$2,264,540. When including the changes discussed below for adoption of GASB Statement No. 68 and related campus facilities, combined total net position was (\$14,078,537).

Funding provided in the Colorado State School Finance Act is the primary support received for basic school operations. Tax revenue for the year July 1, 2014 - June 30, 2015 increased by 21% from \$9,252,785 compared with \$11,163,446. The American Academy - Castle Pines campus currently operates near capacity serving 920 students in 2014/15. The American Academy - Parker campus served kindergarten through seventh grade in 2014/15 and will be expanding to eighth grade in 2015/16. At capacity, kindergarten through eighth grade student count will be equivalent at each campus at approximately 900 students. In addition, the Parker campus offers KindiePrep, a pre-kindergarten program for 3 and 4-year olds; this program served over one hundred students during 2014/15; this program operates at full capacity.

Overview of Financial Statements

This financial review is intended to serve as an introduction to American Academy's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2015

Government-Wide Financial Statements

Government-wide financial statements are prepared to provide interested parties with a broad overview of American Academy's financial reporting in similar format to private-sector business. The statement of net position presents information related to assets and liabilities and remaining assessment of financial value. With historical data, increases or decreases in net position may serve as a useful indicator of whether the financial position of the school is weakening or improving.

The statement of activities, or income statement, presents information showing how American Academy's net position changed during the year. Change to net position is reported at the primary occurrence, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of fiscal year end).

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of American Academy, liabilities exceeded assets by \$14,078,537 at the close of the most recent fiscal year. The negative balance is due primarily to the adoption of GASB Statement No. 68, resulting in a net pension liability of \$19,292,084, representing its proportionate share of the plan's net pension liability. FY14 financial information has not been restated because comparable information is not available.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives, as designated by Colorado state statute. American Academy monitors these funds to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, except that the focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

American Academy adopts an annual budget for the general fund. A budgetary comparison has been provided to demonstrate compliance with the budget as part of the required supplementary information included in the audited financial statements.

The American Academy Foundation and AA Building Corporation II are considered to be blended component units of American Academy and are reported as proprietary funds. Information is presented in the statement of net position, statement of revenues, expenses and changes in net position and the statement of cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2015

The American Academy - Castle Pines campus and the American Academy - Parker campus are provided as part of the supplementary information included in the audited financial statements to provide a break-out of campus operations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

Table I: Net Position

	2015 Governmental Activities	2014 Governmental Activities	2015 Business Type Activities	2014 Business Type Activities
ASSETS				
Capital Assets, Net	334,944	67,859	31,203,709	31,999,580
Other Assets	3,162,286	2,284,379	3,027,801	3,131,858
Total Assets	3,497,230	2,352,238	34,231,510	35,131,438
DEFERRED OUTFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization	4,801,732	-	-	-
Total Deferred Outflows	4,801,732	-	-	-
LIABILITIES				
Long Term Liabilities	91,756	141,674	35,525,992	36,036,035
Net Pension Liability	19,292,084	-	-	-
Other Liabilities	1,035,294	900,925	662,443	363,434
Total Liabilities	20,419,134	1,042,599	36,188,435	36,399,469
DEFERRED INFLOWS OF RESOURCES				
Pensions, Net of Accumulated Amortization	1,440	-	-	-
Total Deferred Inflows	1,440	-	-	-
NET POSITION				
Net Investment in Capital Assets	334,944	67,859	(4,837,283)	(4,250,682)
Restricted for Debt Service	-	-	2,518,140	2,614,816
Restricted for Repair & Replace	-	-	160,249	120,155
Restricted for Emergencies	471,000	375,000	-	-
Unrestricted	(12,927,556)	866,780	201,969	247,680
Total Net Position	(12,121,612)	1,309,639	(1,956,925)	(1,268,031)

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2015

For the year ending June 30, 2015, the governmental activities net position of American Academy was recognized as (\$12,121,612) primarily due to the adoption of GASB Statement No. 68 that created a net pension liability of \$19,292,084. Including the net pension liability, the school acknowledged (\$12,927,556) in unrestricted funds, \$471,000 to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment and \$334,944 to support net investment in capital assets. For the business-type activities, (\$4,837,283) was the net investment in capital assets, \$160,249 was restricted for the repair and replacement as part of bond issuance requirements and \$2,518,140 was restricted for debt service. The Foundation recognized total net position of \$1,019,190, with \$53,969 of this amount unrestricted. The AA Building Corporation II recognized total net position of (\$2,976,115) with \$148,000 of this amount unrestricted.

Table II: Change in Net Position

	2015 Governmental Activities	2014 Governmental Activities	2015 Business Type Activities	2014 Business Type Activities
REVENUES				
<i>General Revenues</i>				
Per Pupil Revenue	11,163,446	9,252,785	-	-
District Mill Levy	921,237	816,405	-	-
Capital Construction Funding	281,195	138,358	-	-
Grants and Contributions not restricted to specific programs	208,979	246,355	10,495	57,922
Investment Earnings	8,954	6,527	3,032	7,000
Other	102,048	114,525	-	-
<i>Program Revenues</i>				
Charges for Services: Instruction	2,410,632	1,865,655	-	-
Charges for Services: Supporting Services	438,889	309,755	-	-
Operating Grants & Contributions:			-	-
Instruction Services	37,083	9,083		
Total Revenue	15,572,463	12,759,448	13,527	64,922
EXPENSES				
Instruction	9,002,549	6,793,408	-	-
Supporting Services	4,926,689	3,918,906	-	-
Foundation	-	-	1,634,461	1,644,632
Building Corporation	-	-	1,616,100	1,847,410
Total Expenses	13,929,238	10,712,314	3,250,561	3,492,042
Transfers	(2,548,140)	(1,477,703)	2,548,140	1,477,703
Change in Net Position	(904,915)	569,431	(688,894)	(1,949,417)
Net Position, Beginning	(11,216,697)	740,208	(1,268,031)	681,386
Net Position, Ending	(12,121,612)	1,309,639	(1,956,925)	(1,268,031)

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2015

Fund Financial Analysis

General Fund

During 2014/15, PPR funding increased 21% overall due to the increase in student count from the Parker campus expansion to seventh grade combined with over a 5.5% increase to per student funding. Mill Levy revenue increased 13% also due to the increase in student count; this revenue stream is 100% funded and is expected to decrease by approximately 2.5-3% annually as a result of a fixed dollar amount for DCSD being distributed over a growing student population. Contributions decreased 15% compared with the prior year largely due to timing of distributions from the PTO organizations that support each campus. The 2014/15 school year was the first full year of operation for the Parker campus and the first full year of KindiePrep program. As a result of that growth combined with modified extracurricular offerings, tuition and fees increased 29% and community service revenue increased 53%. The Colorado Charter School Capital Construction Funds increased 103% as a result of increased per student funding combined with increased student count.

Expenditures - Total expenditures for the period of July 1, 2014 - June 30, 2015 were \$14,891,035. Salaries were \$6,646,212 (15% increase), benefits were \$1,926,844 (22% increase); purchased services were \$4,494,005 (41% increase), materials and supplies were \$876,104 (22% decrease), property was \$788,990 (41% increase) and other expenditures were \$158,880 (48% increase). Total expenditures increased 20% overall from prior-year reporting.

Salaries increased for a variety of reasons, including additional staff for the growth at the Parker campus, additional positions at all levels to support the overall organization and modest raises for all employees. Benefits increased as a result of these salary increases combined with annual increases to statutory contributions to the Public Employees' Retirement Association of Colorado (PERA) and increases to health, dental and vision premiums for employees.

The 2014/15 school year was the first full year of facility payments for the Parker campus. Purchased services increased 31% as a result of the Parker facility payments and another 10% for other general increases associated with a full year of operations. Materials and supplies decreased 22% since the majority of start-up expenses for the Parker campus occurred in the prior year. Property expenditures increased as a result of the technology lease principal that was recognized during 2014/15 and the land previously held for resale that was expensed during 2014/15.

Net Change in Fund Balance - As of June 30th American Academy General Fund recorded net change in fund balance of \$778,658.

The supplementary information provides a break-out for each campus' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2015

As of June 30th the American Academy - Castle Pines campus recognized a net change in fund balance of \$99,807 and the American Academy - Parker campus recognized a net change in fund balance of \$678,851.

American Academy Foundation

For the year ended June 30, 2015, American Academy Foundation continued to hold the debt issuance for the American Academy - Castle Pines campus facility debt issuance. In addition, the American Academy Foundation recognized donations provided to support various school needs.

Revenues - Total gross revenues for the period of July 1, 2014 - June 30, 2015 was \$1,486,158. This included investment income, contributions and donations and lease payments from the General Fund based on the facility purchase agreement.

Expenses - Total expenses for the period of July 1, 2014 - June 30, 2015 were \$1,634,461. Interest expense was recognized as \$1,224,383. Purchased service costs totaled \$5,038 and depreciation expense was \$405,040 for this fiscal year.

Change in Net Position - As of June 30th American Academy Foundation recorded a decrease in net position of \$118,303 due to annual depreciation.

AA Building Corporation II

During 2014/15, the AA Building Corporation II continued to hold the debt issuance for the American Academy - Parker campus facility issuance.

Revenues - Total gross revenues for the period of July 1, 2014 - June 30, 2015 was \$1,045,509. This included investment income, contributions and lease payments from the General Fund based on the facility purchase agreement.

Expenses - Total expenses for the period of July 1, 2014 - June 30, 2015 were \$1,616,100. Interest expense was recognized as \$1,139,276. Purchased service costs totaled \$4,682 for cash management fees and the site lease expense and depreciation expense was \$472,142 for this fiscal year.

Change in Net Position - As of June 30th AA Building Corporation II recorded a decrease in net position of \$570,591 and ending net position of (\$2,976,115). It is anticipated that the negative balance will be eliminated over time as debt is paid.

Analysis of Significant Budget Variations: General Fund

The original budget for the American Academy General Fund was adopted May of 2014 for the 2014/15 school year. The original budget is reviewed in detail by school administration and the Board of Directors in the spring with specific effort to correlate the budget with the strategic plan for the subsequent school year. Assumptions such as projected student count, per pupil revenue and hiring decisions are not finalized at the time the original budget is adopted. American Academy reviews and revises all key revenue and expense considerations for the final budget adoption in the fall of 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2015

The actual activity for 2014/15 realized only minor variances from the final budget amounts approved for all categories with the exception of Contributions revenue (72% of budget), Supplies and Materials expense (86% of budget) and Other (92% of budget). All other revenue budget estimates were exceeded aside from Tuition and Fees (99% of budget). Contributions from the school PTO organizations were budgeted in both income and supplies; the associated activities did not occur by fiscal year end resulting in under-budget reporting for each category. The 2014/15 budget provided flexibility to support additional purchasing during the year, however the fiscally conservative operation of American Academy did not utilize those dollars. There are no known variations that are expected to have a significant effect on future services or liquidity.

Capital Assets and Debt Administration

Capital assets - American Academy's capital assets as of June 30, 2015 amount to \$31,538,653, net of accumulated depreciation. These assets account for land, buildings and equipment and furniture for both the Castle Pines and Parker facilities. During 2014/15, American Academy re-evaluated the property held for resale; a decision was reached to retain the property for potential future use. As a result, a building addition of \$275,000 was recognized.

Long-term debt - As of June 30, 2015, American Academy had outstanding debt of \$36,270,296. This amount includes the balances of the two CECFA issuances for Castle Pines and Parker and the technology lease.

Additional information on capital assets and long-term debt is provided in Notes 4 and 5 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for American Academy is the future of the Colorado state budget and related Per Pupil Revenue (PPR) for K-12 education. American Academy regularly reviews projected plans for PPR funding and budget impact. Many budget scenarios and operation plans have been developed to analyze options to respond to state decisions. Student growth across the two campus locations, facility financing costs and additional considerations specific to the new facility growth were all considered in the strategic budgeting process for 2014/15 - 2019/20. American Academy has developed detailed budget projections for each campus through 2019/20 and is confident in the success of expansion plans.

Requests for Information

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

American Academy
6971 Mira Vista Lane
Castle Pines, CO 80108

BASIC FINANCIAL STATEMENTS

AMERICAN ACADEMY

STATEMENT OF NET POSITION

June 30, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	\$ 3,011,561	\$ 53,769	\$ 3,065,330
Restricted Cash and Investments	-	2,825,817	2,825,817
Accounts Receivable	19,651	215	19,866
Grants Receivable	27,753	-	27,753
Prepaid Expenses	103,321	148,000	251,321
Capital Assets, Not Being Depreciated	-	1,833,333	1,833,333
Capital Assets, Net of Accumulated Depreciation	<u>334,944</u>	<u>29,370,376</u>	<u>29,705,320</u>
TOTAL ASSETS	<u>3,497,230</u>	<u>34,231,510</u>	<u>37,728,740</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions, Net of Accumulated Amortization	<u>4,801,732</u>	<u>-</u>	<u>4,801,732</u>
LIABILITIES			
Accounts Payable	245,301	15	245,316
Accrued Salaries and Benefits	448,966	-	448,966
Unearned Revenues	203,479	-	203,479
Accrued Interest Payable	-	147,428	147,428
Noncurrent Liabilities			
Due Within One Year	137,548	515,000	652,548
Due in More Than One Year	91,756	35,525,992	35,617,748
Net Pension Liability	<u>19,292,084</u>	<u>-</u>	<u>19,292,084</u>
TOTAL LIABILITIES	<u>20,419,134</u>	<u>36,188,435</u>	<u>56,607,569</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions, Net of Accumulated Amortization	<u>1,440</u>	<u>-</u>	<u>1,440</u>
NET POSITION			
Net Investment in Capital Assets	334,944	(4,837,283)	(4,502,339)
Restricted for Debt Service	-	2,518,140	2,518,140
Restricted for Repairs and Replacements	-	160,249	160,249
Restricted for Emergencies	471,000	-	471,000
Unrestricted	<u>(12,927,556)</u>	<u>201,969</u>	<u>(12,725,587)</u>
TOTAL NET POSITION	<u>\$ (12,121,612)</u>	<u>\$ (1,956,925)</u>	<u>\$ (14,078,537)</u>

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

AMERICAN ACADEMY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
<u>PRIMARY GOVERNMENT</u>			
Governmental Activities			
Instruction	\$ 9,002,549	\$ 2,410,632	\$ 37,083
Supporting Services	4,926,689	438,889	-
Total Governmental Activities	<u>13,929,238</u>	<u>2,849,521</u>	<u>37,083</u>
Business-Type Activities			
Foundation	1,634,461	-	-
Building Corporation	1,616,100	-	-
Total Business-Type Activities	<u>3,250,561</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 17,179,799</u>	<u>\$ 2,849,521</u>	<u>\$ 37,083</u>

GENERAL REVENUES

Per Pupil Revenue
 District Mill Levy
 Capital Construction
 Grants and Contributions not Restricted
 to Specific Programs
 Investment Income
 Other

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (6,554,834)	\$ -	\$ (6,554,834)
<u>(4,487,800)</u>	<u>-</u>	<u>(4,487,800)</u>
(11,042,634)	-	(11,042,634)
-	(1,634,461)	(1,634,461)
<u>-</u>	<u>(1,616,100)</u>	<u>(1,616,100)</u>
-	(3,250,561)	(3,250,561)
<u>(11,042,634)</u>	<u>(3,250,561)</u>	<u>(14,293,195)</u>
11,163,446	-	11,163,446
921,237	-	921,237
281,195	-	281,195
208,979	10,495	219,474
8,954	3,032	11,986
102,048	-	102,048
<u>(2,548,140)</u>	<u>2,548,140</u>	<u>-</u>
<u>10,137,719</u>	<u>2,561,667</u>	<u>12,699,386</u>
(904,915)	(688,894)	(1,593,809)
<u>(11,216,697)</u>	<u>(1,268,031)</u>	<u>(12,484,728)</u>
<u>\$ (12,121,612)</u>	<u>\$ (1,956,925)</u>	<u>\$ (14,078,537)</u>

AMERICAN ACADEMY

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2015

	<u>GENERAL</u>
ASSETS	
Cash and Investments	\$ 3,011,561
Accounts Receivable	19,651
Grants Receivable	27,753
Prepaid Expenditures	<u>103,321</u>
TOTAL ASSETS	\$ <u>3,162,286</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 245,301
Accrued Salaries and Benefits	448,966
Unearned Revenues	<u>203,479</u>
TOTAL LIABILITIES	<u>897,746</u>
FUND BALANCE	
Nonspendable Prepaid Expenditures	103,321
Restricted for Emergencies	471,000
Unrestricted, Unassigned	<u>1,690,219</u>
TOTAL FUND BALANCE	<u>2,264,540</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>3,162,286</u>
 Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of the Governmental Fund	\$ 2,264,540
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	334,944
Long-term liabilities and related items, including capital leases (\$229,304), net pension liability (\$19,292,084), deferred outflows of resources \$4,801,732, and deferred inflows of resources (\$1,440), are not due and payable in the current year and, therefore, are not reported in governmental funds.	<u>(14,721,096)</u>
Total Net Position of Governmental Activities	\$ <u>(12,121,612)</u>

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

AMERICAN ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2015

	<u>GENERAL</u>
REVENUES	
Local Sources	\$ 15,254,185
State Sources	<u>318,278</u>
TOTAL REVENUES	<u>15,572,463</u>
EXPENDITURES	
Instruction	7,596,917
Supporting Services	<u>7,294,118</u>
TOTAL EXPENDITURES	<u>14,891,035</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>681,428</u>
OTHER FINANCING SOURCES (USES)	
Lease Proceeds	127,230
Transfers In	10,000
Transfers Out	<u>(40,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>97,230</u>
NET CHANGE IN FUND BALANCE	778,658
FUND BALANCE, Beginning	<u>1,485,882</u>
FUND BALANCE, Ending	\$ <u><u>2,264,540</u></u>

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of the Governmental Fund	\$ 778,658
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

This is the amount by which capital outlay \$275,000 exceeded depreciation expense (\$7,915) in the current year.

267,085

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities. This is the amount by which capital lease proceeds (\$127,230) exceeded payments \$142,028 in the current year.

14,798

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in net pension liability (\$6,228,109), pension-related deferred outflows of resources \$4,264,093, and pension-related deferred inflows of resources (\$1,440) in the current year.

(1,965,456)

Change in Net Position of Governmental Activities	\$ <u><u>(904,915)</u></u>
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The accompanying notes are an integral part of the financial statements.

AMERICAN ACADEMY

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2015

	<u>FOUNDATION</u>	<u>BUILDING CORPORATION</u>	<u>TOTALS</u>
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 53,769	\$ -	\$ 53,769
Restricted Cash and Investments	1,820,563	1,005,254	2,825,817
Accounts Receivable	215	-	215
Prepaid Expenses	<u>-</u>	<u>148,000</u>	<u>148,000</u>
TOTAL CURRENT ASSETS	<u>1,874,547</u>	<u>1,153,254</u>	<u>3,027,801</u>
NONCURRENT ASSETS			
Capital Assets, Not Being Depreciated	1,833,333	-	1,833,333
Capital Assets, Net of Accumulated Depreciation	<u>13,452,969</u>	<u>15,917,407</u>	<u>29,370,376</u>
TOTAL NONCURRENT ASSETS	<u>15,286,302</u>	<u>15,917,407</u>	<u>31,203,709</u>
TOTAL ASSETS	<u>17,160,849</u>	<u>17,070,661</u>	<u>34,231,510</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	15	-	15
Accrued Interest Payable	100,652	46,776	147,428
Loans Payable, Current Portion	<u>210,000</u>	<u>305,000</u>	<u>515,000</u>
TOTAL CURRENT LIABILITIES	310,667	351,776	662,443
NONCURRENT LIABILITIES			
Loans Payable	<u>15,830,992</u>	<u>19,695,000</u>	<u>35,525,992</u>
TOTAL LIABILITIES	<u>16,141,659</u>	<u>20,046,776</u>	<u>36,188,435</u>
NET POSITION			
Net Investment in Capital Assets	(754,690)	(4,082,593)	(4,837,283)
Restricted for Debt Service	1,559,662	958,478	2,518,140
Restricted for Repairs and Replacements	160,249	-	160,249
Unrestricted	<u>53,969</u>	<u>148,000</u>	<u>201,969</u>
TOTAL NET POSITION	<u>\$ 1,019,190</u>	<u>\$ (2,976,115)</u>	<u>\$ (1,956,925)</u>

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

AMERICAN ACADEMY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
 Year Ended June 30, 2015

	<u>FOUNDATION</u>	<u>BUILDING CORPORATION</u>	<u>TOTALS</u>
OPERATING REVENUES			
Lease Revenue	\$ 1,423,216	\$ 1,032,917	\$ 2,456,133
Contributions	10,495	-	10,495
TOTAL OPERATING REVENUES	<u>1,433,711</u>	<u>1,032,917</u>	<u>2,466,628</u>
OPERATING EXPENSES			
Purchased Services	5,038	4,682	9,720
Depreciation	405,040	472,142	877,182
Debt Service			
Interest	<u>1,224,383</u>	<u>1,139,276</u>	<u>2,363,659</u>
TOTAL OPERATING EXPENSES	<u>1,634,461</u>	<u>1,616,100</u>	<u>3,250,561</u>
NET OPERATING INCOME (LOSS)	(200,750)	(583,183)	(783,933)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	<u>1,631</u>	<u>1,401</u>	<u>3,032</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(199,119)	(581,782)	(780,901)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions	50,816	11,191	62,007
Transfers In	40,000	-	40,000
Transfers Out	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
CHANGE IN NET POSITION	(118,303)	(570,591)	(688,894)
NET POSITION, Beginning	<u>1,137,493</u>	<u>(2,405,524)</u>	<u>(1,268,031)</u>
NET POSITION, Ending	<u>\$ 1,019,190</u>	<u>\$ (2,976,115)</u>	<u>\$ (1,956,925)</u>

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

AMERICAN ACADEMY

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended June 30, 2015

	<u>FOUNDATION</u>	<u>BUILDING CORPORATION</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Lease Payments Received	\$ 1,423,216	\$ 1,032,917	\$ 2,456,133
Contributions Received	18,633	-	18,633
Contributions to the Academy	(10,000)	-	(10,000)
Cash Paid to Suppliers	(24,250)	(682)	(24,932)
Loan Interest Paid	(1,220,481)	(1,140,000)	(2,360,481)
Loan Principal Paid	(195,000)	-	(195,000)
Net Cash Provided (Used) by Operating Activities	<u>(7,882)</u>	<u>(107,765)</u>	<u>(115,647)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Purchased	(19,304)	-	(19,304)
Payments from the Academy	40,000	-	40,000
Net Cash Provided by Capital and Related Financing Activities	<u>20,696</u>	<u>-</u>	<u>20,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income Received	1,631	1,401	3,032
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,445	(106,364)	(91,919)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,859,887</u>	<u>1,111,618</u>	<u>2,971,505</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,874,332</u>	<u>\$ 1,005,254</u>	<u>\$ 2,879,586</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	\$ (200,750)	\$ (583,183)	\$ (783,933)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation Expense	405,040	472,142	877,182
Amortization of Discount	4,957	-	4,957
Transfers Related to Operations	(10,000)	-	(10,000)
Changes in Assets and Liabilities			
Accounts Receivable	8,138	-	8,138
Prepaid Expenses	-	4,000	4,000
Accounts Payable	(19,212)	-	(19,212)
Accrued Interest Payable	(1,055)	(724)	(1,779)
Loans Payable	(195,000)	-	(195,000)
Net Cash Provided (Used) by Operating Activities	<u>\$ (7,882)</u>	<u>\$ (107,765)</u>	<u>\$ (115,647)</u>
NONCASH TRANSACTIONS			
Contributed Capital Assets	<u>\$ 50,816</u>	<u>\$ 11,191</u>	<u>\$ 62,007</u>

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

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The American Academy (the “Academy”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Douglas County School District (the “District”). The Academy began operations in the Fall of 2005.

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the Academy’s more significant accounting policies.

Reporting Entity

The financial reporting entity consists of the Academy, organizations for which the Academy is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Academy. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. Legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the Academy.

The Academy includes the American Academy Foundation (the “Foundation”) and the AA Building Corporation II (the “Corporation”) within its reporting entity. The Foundation was formed exclusively to support the educational program of the Academy through grant applications and other fundraising activities, and for the purpose of holding title to real and personal property and to make same available for use by the Academy and to otherwise provide facilities, equipment, and other physical plant and related support to the Academy. The Corporation was organized exclusively for charitable and educational purposes, but primarily to finance the acquisition and construction of facilities for a second campus. The Foundation and the Corporation are blended into the Academy’s financial statements as enterprise funds, and do not issue separate financial statements.

The Academy is a component unit of the District. The Academy’s charter was granted by the District and the majority of the Academy’s funding is provided by the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for the governmental fund and the proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Available means collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Academy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Academy reports the following major governmental fund:

General Fund - This fund is the general operating fund of the Academy. It is currently used to account for all financial activities of the Academy.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Academy reports two major proprietary funds, as follows:

Foundation - This fund is used to account for the financial activities of the Foundation, including fundraising, facilities acquisition and construction, and debt service related to the Castle Pines campus.

Building Corporation - This fund is used to account for the financial activities of the Corporation, including facilities acquisition and construction, and debt service related to the Parker campus.

Assets, Liabilities and Fund Balance/Net Position

Cash and Investments - Investments are reported at fair value. Cash equivalents are defined as investments with an original maturity of ninety days or less.

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets - Capital assets, which include land, buildings and equipment, are reported in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements and the proprietary funds in the fund financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method.

Buildings and Improvements	40 - 45 years
Equipment and Furniture	3 - 10 years

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Unearned Revenues - Unearned revenues represent resources received by the Academy before it has a legal claim to them, including tuition and fees.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences - The Academy's policy allows employees to use eight days of personal leave during each school year. Employees are compensated for any unused leave prior to the end of the fiscal year, at the rate of \$90 per day. Therefore, no liability for compensated absences is reported in the financial statements.

Pensions - The Academy participates in the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The 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 and deductions from the SDTF's fiduciary net position 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.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balances to a specific purpose through an informal action.

The Academy has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Academy uses restricted fund balance first, followed by committed, assigned and unassigned fund balances.

Risk Management

The Academy 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 Academy purchases commercial insurance for these risks of loss.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

At June 30, 2015, the Corporation had a negative net position of \$2,976,115. Management expects this negative balance to be eliminated as the Corporation's debt is paid.

NOTE 3: CASH AND INVESTMENTS

At June 30, 2015, cash and investments consisted of the following:

Petty Cash	\$ 1,400
Deposits	3,061,715
Investments	<u>2,828,032</u>
Total	<u>\$ 5,891,147</u>

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

Cash and Investments	\$ 3,065,330
Restricted Cash and Investments	<u>2,825,817</u>
Total	<u>\$ 5,891,147</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all 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. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2015, the Academy had bank deposits of \$2,822,660 collateralized with securities held by the financial institution's agent but not in the Academy's name.

Investments

The Academy is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit the maturity date of investments to five years from the date of purchase, unless the governing board authorizes an investment for a period in excess of five years. State statutes do not address custodial risk.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

Local Government Investment Pool - At June 30, 2015, the Academy, Foundation, and Corporation had \$2,215, \$1,820,563 and \$1,005,254, respectively, invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At June 30, 2015, the Foundation and the Corporation had investments of \$1,820,563 and \$1,005,254, respectively, restricted for future debt service and building repairs and replacements.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is summarized below.

	Balances 6/30/14	Additions	Deletions	Balances 6/30/15
Governmental Activities				
Capital Assets, Being Depreciated				
Buildings	\$ -	\$ 275,000	\$ -	\$ 275,000
Equipment	79,150	-	-	79,150
Total Capital Assets, Being Depreciated	<u>79,150</u>	<u>275,000</u>	<u>-</u>	<u>354,150</u>
Less Accumulated Depreciation				
Equipment	(11,291)	(7,915)	-	(19,206)
Total Accumulated Depreciation	<u>(11,291)</u>	<u>(7,915)</u>	<u>-</u>	<u>(19,206)</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,859</u>	<u>\$ 267,085</u>	<u>\$ -</u>	<u>\$ 334,944</u>

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>6/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/15</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,833,333	\$ -	\$ -	\$ 1,833,333
Total Capital Assets, Not Being Depreciated	<u>1,833,333</u>	<u>-</u>	<u>-</u>	<u>1,833,333</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	31,974,042	70,120	-	32,044,162
Equipment and Furniture	<u>658,740</u>	<u>11,191</u>	<u>-</u>	<u>669,931</u>
Total Capital Assets, Being Depreciated	<u>32,632,782</u>	<u>81,311</u>	<u>-</u>	<u>32,714,093</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,354,943)	(801,103)	-	(3,156,046)
Equipment and Furniture	<u>(111,592)</u>	<u>(76,079)</u>	<u>-</u>	<u>(187,671)</u>
Total Accumulated Depreciation	<u>(2,466,535)</u>	<u>(877,182)</u>	<u>-</u>	<u>(3,343,717)</u>
Total Capital Assets, Being Depreciated, Net	<u>30,166,247</u>	<u>(795,871)</u>	<u>-</u>	<u>29,370,376</u>
Business-Type Activities Capital Assets, Net	<u>\$ 31,999,580</u>	<u>\$ (795,871)</u>	<u>\$ -</u>	<u>\$ 31,203,709</u>

Depreciation expense was charged to programs of the Academy as follows:

Governmental Activities	
Instruction	\$ 1,000
Supporting Services	<u>6,915</u>
Total	<u>\$ 7,915</u>

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of the long-term debt transactions for the governmental activities for the year ended June 30, 2015.

	<u>Balances</u> <u>6/30/14</u>	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> <u>6/30/15</u>	<u>Due Within</u> <u>One Year</u>
Capital Lease	<u>\$ 244,102</u>	<u>\$ 127,230</u>	<u>\$ 142,028</u>	<u>\$ 229,304</u>	<u>\$ 137,548</u>

During the year ended June 30, 2013, the Academy entered into lease agreements directly with the vendor to purchase 480 laptop computers in the amount of \$334,130. Monthly payments are due beginning August 31, 2013, with final payments due between September, 2016, and July, 2018. No interest accrues on the leases. No assets were capitalized under the lease agreements.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

During the year ended June 30, 2015, the Academy entered into lease agreements directly with the vendor to purchase 175 laptop computers in the amount of \$127,230. Monthly payments are due beginning August 31, 2014, with final payments due between July, 2016, and July, 2018. No interest accrues on the leases. No assets were capitalized under the lease agreements.

Minimum lease payments, to maturity, are as follows:

Year Ended June 30,

2016	\$ 137,548
2017	67,027
2018	23,057
2019	<u>1,672</u>
Present Value of Future Minimum Lease Payments	<u>\$ 229,304</u>

Business-Type Activities

Following is a summary of the long-term debt transactions for the business-type activities for the year ended June 30, 2015.

	Balances 6/30/14	Additions	Payments	Balances 6/30/15	Due Within One Year
2008 Building Loan	\$ 16,350,000	\$ -	\$ 195,000	\$ 16,155,000	\$ 210,000
Discount	(118,965)	-	(4,957)	(114,008)	-
2012 Building Loan	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>305,000</u>
Total	<u>\$ 36,231,035</u>	<u>\$ -</u>	<u>\$ 190,043</u>	<u>\$ 36,040,992</u>	<u>\$ 515,000</u>

In December, 2008, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$17,030,000 Charter School Revenue Bonds, Series 2008. Bond proceeds were loaned to the Foundation to construct educational facilities. The Academy is obligated under a lease agreement to make monthly lease payments to the Foundation for use of the facilities. The Foundation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 6.25% to 7.125%. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, through 2040.

In December, 2012, CECFA issued \$20,000,000 Charter School Revenue Bonds, Series 2012. Bond proceeds were loaned to the Corporation to finance the costs of acquiring a leasehold interest in land and constructing and equipping an educational facility. The Academy is obligated under a lease agreement to make monthly payments to the Corporation for use of the facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at 5.7% per annum. Interest payments are due semi-annually on June 15 and December 15. Principal payments are due annually on December 15, 2015 and 2016, with a final balloon payment of \$19,922,045 due on December 15, 2017.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Future debt service requirements for the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 515,000	\$ 2,339,133	\$ 2,854,133
2017	545,000	2,307,739	2,852,739
2018	19,605,000	1,732,214	21,337,214
2019	250,000	1,165,013	1,415,013
2020	265,000	1,147,506	1,412,506
2021 - 2025	1,660,000	5,402,628	7,062,628
2026 - 2030	2,380,000	4,671,842	7,051,842
2031 - 2035	3,380,000	3,645,249	7,025,249
2036 - 2040	4,895,000	2,079,564	6,974,564
2041	<u>2,660,000</u>	<u>105,753</u>	<u>2,765,753</u>
Total	<u>\$ 36,155,000</u>	<u>\$ 24,596,641</u>	<u>\$ 60,751,641</u>

NOTE 6: INTERFUND TRANSACTIONS

During the year ended June 30, 2015, the Academy paid \$40,000 to the Foundation to fund the repairs and replacements reserve, as required by the CECFA loan agreement. In addition, the Academy received a \$10,000 contribution from the Foundation.

NOTE 7: DEFINED BENEFIT PENSION PLAN

General Information

Plan Description - The Academy contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the Academy participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the SDTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information (Continued)

Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, receive an annual increase of 2%, unless the plan has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

Disability benefits are available for plan participants once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions - The Academy and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The Academy's contribution rate for calendar years 2014 and 2015 was 17.45% and 18.35%, respectively. However, a portion of the Academy's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 8). The Academy's contributions to the SDTF for the year ended June 30, 2015, were \$1,138,294, equal to the required contributions.

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

At June 30, 2015, the Academy reported a net pension liability of \$19,292,084, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SDTF for the calendar year ended December 31, 2014, relative to the contributions of all participating employers. At December 31, 2014, the Academy's proportion was 0.1423417169%, which was an increase of 0.0399191183% from its proportion measured at December 31, 2013.

For the year ended June 30, 2015, the Academy recognized pension expense of \$3,050,087. At June 30, 2015, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,440
Net difference between projected and actual earnings on plan investments	443,655	-
Change in proportion	3,715,545	-
Contributions subsequent to the measurement date	<u>642,532</u>	<u>-</u>
Total	<u>\$ 4,801,732</u>	<u>\$ 1,440</u>

The Academy's contributions subsequent to the measurement date of \$642,532 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,

2016	\$ 1,486,508
2017	1,486,508
2018	1,073,830
2019	<u>110,914</u>
Total	<u>\$ 4,157,760</u>

Actuarial Assumptions - The actuarial valuation at December 31, 2013, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Price inflation	2.8%
Real wage growth	1.1%
Wage inflation	3.9%
Salary increases, including wage inflation	3.9% - 10.1%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
Hired prior to 1/1/07	2%
Hired after 12/31/06	ad hoc

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

The actuarial assumptions used in the December 31, 2013, valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's governing board on November 13, 2012, and an economic assumption study adopted by PERA's governing board on November 15, 2013, and January 17, 2014.

The long-term expected rate of return on plan investments was determined using 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.

The most recent analysis of the long-term expected rate of return was presented to the PERA governing board on November 15, 2013, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Government/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u><u>100.00%</u></u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103 percent, the employer contribution rate will decrease 1% each year, to a minimum of 10.15%. Based on those assumptions, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In addition, the discount rate did not change from the prior measurement date.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the Academy's proportionate share of the net pension liability if it were calculated using a discount that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate, as follows:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability	<u>\$ 25,438,375</u>	<u>\$ 19,292,084</u>	<u>\$ 14,147,534</u>

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description - The Academy contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

Funding Policy - The Academy is required to contribute at a rate of 1.02% of covered salaries for all PERA participants. No employee contributions are required. The contribution requirements for the Academy are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The Academy's apportionment to the HCTF for the years ended June 30, 2015, 2014 and 2013 was \$64,780, \$55,419 and \$31,103, respectively, equal to the required amounts for each year.

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the Academy may be required to reimburse the other government. At June 30, 2015, significant amounts of related expenditures have not been audited but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Academy believes it is in compliance with the Amendment. As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2015, the reserve was reported as restricted fund balance in the General Fund, in the amount of \$471,000.

Site Lease

On November 13, 2012, the Corporation entered into a site lease agreement with the District to use land owned by the District for a second campus. The Corporation prepaid the full amount of the lease in the amount of \$160,000. During the year ended June 30, 2015, the Corporation recognized lease expense of \$4,000, and the remaining balance of \$148,000 was reported as prepaid expenses of the Corporation. The lease agreement matures on December 31, 2052.

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2015, the Academy adopted the standards of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, net position of the governmental activities at June 30, 2014, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2014, were not available and have not been reported in the financial statements.

	<u>Governmental Activities</u>
Net Position, June 30, 2014, as Originally Stated	\$ 1,309,639
Deferred Outflows of Resources	537,639
Net Pension Liability	<u>(13,063,975)</u>
Net Position, June 30, 2014, as Restated	<u>\$(11,216,697)</u>

AMERICAN ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 11: SUBSEQUENT EVENT

On October 6, 2015, CECFA issued \$38,725,000 Charter School Refunding Revenue Bonds, Series 2015. Bond proceeds were used to advance refund the Charter School Revenue Bonds, Series 2008 and 2012. The Corporation entered into a loan agreement with CECFA to pay the principal and interest on the Bonds. Principal is payable annually beginning December 1, 2016, with a balloon payment of \$31,590,000 due on December 1, 2025. Interest accrues at 4.2% per annum. In conjunction with the refunding, the Corporation acquired the capital assets of the Foundation.

REQUIRED SUPPLEMENTARY INFORMATION

AMERICAN ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
SCHOOL DIVISION TRUST FUND

June 30, 2015

	<u>12/31/14</u>	<u>12/31/13</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY		
Academy's Proportion of the Net Pension Liability	0.1423417169%	0.1024225986%
Academy's Proportionate Share of the Net Pension Liability	\$ 19,292,084	\$ 13,063,975
Academy's Covered-Employee Payroll	\$ 5,963,170	\$ 4,128,976
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63%	64%
	<u>6/30/15</u>	<u>6/30/14</u>
ACADEMY CONTRIBUTIONS		
Statutorily Required Contribution	\$ 1,073,514	\$ 870,362
Contributions in Relation to the Statutorily Required Contribution	<u>(1,073,514)</u>	<u>(870,362)</u>
Contribution Deficiency (Excess)	\$ <u> -</u>	\$ <u> -</u>
Academy's Covered-Employee Payroll	6,351,023	5,433,416
Contributions as a Percentage of Covered-Employee Payroll	16.90%	16.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

AMERICAN ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 10,777,006	\$ 11,138,965	\$ 11,163,446	\$ 24,481
District Mill Levy	879,709	909,398	921,237	11,839
Contributions	250,013	288,259	208,979	(79,280)
Tuition and Fees	2,438,219	2,456,502	2,431,057	(25,445)
Community Services Fees	310,000	357,000	366,619	9,619
Facility Rental	60,000	45,000	51,845	6,845
Investment Income	6,000	6,000	8,954	2,954
Other	99,000	95,400	102,048	6,648
Total Local Sources	<u>14,819,947</u>	<u>15,296,524</u>	<u>15,254,185</u>	<u>(42,339)</u>
State Sources				
Capital Construction	273,632	249,153	281,195	32,042
Grants	10,500	37,083	37,083	-
Total State Sources	<u>284,132</u>	<u>286,236</u>	<u>318,278</u>	<u>32,042</u>
TOTAL REVENUES	<u>15,104,079</u>	<u>15,582,760</u>	<u>15,572,463</u>	<u>(10,297)</u>
EXPENDITURES				
Salaries	6,549,581	6,746,388	6,646,212	100,176
Employee Benefits	1,996,622	1,966,731	1,926,844	39,887
Purchased Services	4,533,082	4,584,075	4,494,005	90,070
Supplies and Materials	1,044,526	1,015,316	876,104	139,212
Property	359,416	792,921	788,990	3,931
Other	144,612	172,408	158,880	13,528
Contingency	87,000	412,000	-	412,000
TOTAL EXPENDITURES	<u>14,714,839</u>	<u>15,689,839</u>	<u>14,891,035</u>	<u>798,804</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>389,240</u>	<u>(107,079)</u>	<u>681,428</u>	<u>788,507</u>
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	127,230	127,230	-
Transfers In	-	-	10,000	10,000
Transfers Out	-	-	(40,000)	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>127,230</u>	<u>97,230</u>	<u>(30,000)</u>
NET CHANGE IN FUND BALANCE	<u>389,240</u>	<u>20,151</u>	<u>778,658</u>	<u>758,507</u>
FUND BALANCE, Beginning	<u>1,360,134</u>	<u>1,485,882</u>	<u>1,485,882</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 1,749,374</u>	<u>\$ 1,506,033</u>	<u>\$ 2,264,540</u>	<u>\$ 758,507</u>

See the accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

The Public Employees' Retirement Association of Colorado School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The Academy's contributions and related ratios represent cash contributions and any related accruals that coincide with the Academy's fiscal year ending on June 30.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All annual appropriations lapse at fiscal year end.

SUPPLEMENTARY INFORMATION

AMERICAN ACADEMY

COMBINING BALANCE SHEET

GENERAL FUND

June 30, 2015

	<u>CASTLE PINES CAMPUS</u>	<u>PARKER CAMPUS</u>	<u>TOTALS</u>
ASSETS			
Cash and Investments	\$ 1,650,053	\$ 1,361,508	\$ 3,011,561
Accounts Receivable	13,128	6,523	19,651
Grants Receivable	21,342	6,411	27,753
Prepaid Expenditures	<u>51,406</u>	<u>51,915</u>	<u>103,321</u>
TOTAL ASSETS	<u>\$ 1,735,929</u>	<u>\$ 1,426,357</u>	<u>\$ 3,162,286</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 131,143	\$ 114,158	\$ 245,301
Accrued Salaries and Benefits	209,458	239,508	448,966
Unearned Revenues	<u>109,434</u>	<u>94,045</u>	<u>203,479</u>
TOTAL LIABILITIES	<u>450,035</u>	<u>447,711</u>	<u>897,746</u>
FUND BALANCE			
Nonspendable Prepaid Expenditures	51,406	51,915	103,321
Restricted for Emergencies	235,000	236,000	471,000
Unrestricted, Unassigned	<u>999,488</u>	<u>690,731</u>	<u>1,690,219</u>
TOTAL FUND BALANCE	<u>1,285,894</u>	<u>978,646</u>	<u>2,264,540</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,735,929</u>	<u>\$ 1,426,357</u>	<u>\$ 3,162,286</u>

See the accompanying Independent Auditors' Report.

AMERICAN ACADEMY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GENERAL FUND

Year Ended June 30, 2015

	<u>CASTLE PINES</u> <u>CAMPUS</u>	<u>PARKER</u> <u>CAMPUS</u>	<u>TOTALS</u>
REVENUES			
Local Sources	\$ 7,670,452	\$ 7,583,733	\$ 15,254,185
State Sources	<u>172,785</u>	<u>145,493</u>	<u>318,278</u>
TOTAL REVENUES	<u>7,843,237</u>	<u>7,729,226</u>	<u>15,572,463</u>
EXPENDITURES			
Salaries	3,190,512	3,455,700	6,646,212
Employee Benefits	906,084	1,020,760	1,926,844
Purchased Services	2,534,468	1,959,537	4,494,005
Supplies and Materials	423,017	453,087	876,104
Property	569,760	219,230	788,990
Other	<u>94,878</u>	<u>64,002</u>	<u>158,880</u>
TOTAL EXPENDITURES	<u>7,718,719</u>	<u>7,172,316</u>	<u>14,891,035</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,518</u>	<u>556,910</u>	<u>681,428</u>
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	10,289	116,941	127,230
Transfers In	5,000	5,000	10,000
Transfers Out	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,711)</u>	<u>121,941</u>	<u>97,230</u>
NET CHANGE IN FUND BALANCE	99,807	678,851	778,658
FUND BALANCE, Beginning	<u>1,186,087</u>	<u>299,795</u>	<u>1,485,882</u>
FUND BALANCE, Ending	<u>\$ 1,285,894</u>	<u>\$ 978,646</u>	<u>\$ 2,264,540</u>

See the accompanying Independent Auditors' Report.