MONTESSORI DEL MUNDO

FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT

AURORA, COLORADO

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

MONTESSORI DEL MUNDO
TABLE OF CONTENTS
June 30, 2026

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis i

Basic Financial Statements

Government-wide Financial Statements
Statement of Net Position 3
Statement of Activities 4

Governmental Funds Financial Statements
Balance Sheet 5
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position 6
Statement of Revenues, Expenditures and Changes in the Fund Balances 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities 8

Notes to the Financial Statements 9

Required Supplementary Information

Budgetary Comparison Schedule - General Fund 30
Budgetary Comparison Schedule – Building Corporation 31
Schedule of Proportionate Share of the Net Pension Liability and Contributions 32
Schedule of Proportionate Share of the Net OPEB Liability and Contributions 34
Notes to the Required Supplementary Information 36

DMC
AUDITING AND CONSULTING, LLC
(720) 422-1352
DCHERNYAK@DMCCPAS.NET

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montessori del Mundo
Aurora, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the of the Montessori del Mundo (the School) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2026, 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.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As described in Note 10 to the financial statements, as of and for the year ended June 30, 2025, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

DMC Auditing and Consulting, LLC

October 14, 2026
Bailey, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help Montessori del Mundo's (MDM or the School) stakeholders understand what the financial statements and notes in this financial report say about the health of the School and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the School's finances.

If you have questions about this report or require further information, contact the Business Office at wendy@montessoridelmundo.org or 720-614-8337.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

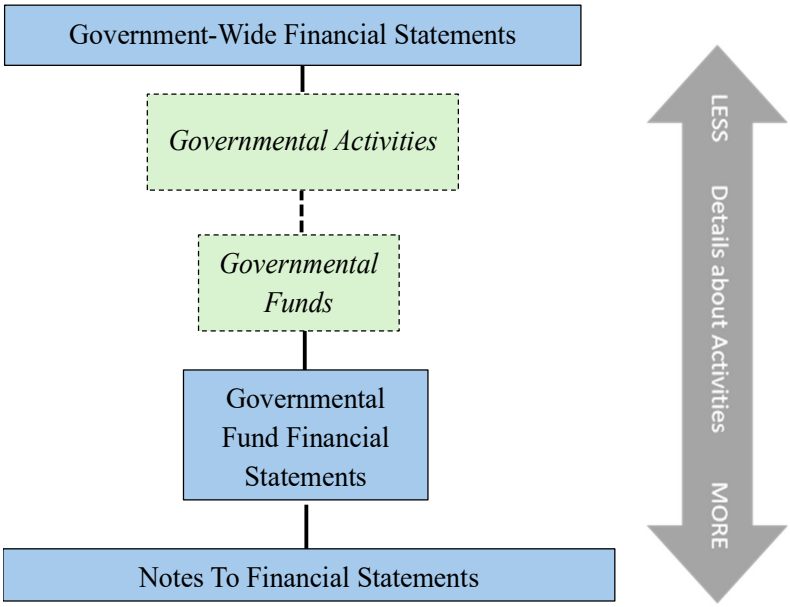
The School's financial report contains basic financial statements. Those financial statements present the School's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the School's governmental activities (see the diagram in Figure A-1.).

- Governmental activities comprise the School's primary functions, including instruction and supporting services, school or general administration, operations and maintenance, and other programs and services provided to students, staff, and the community. Governmental activities are financed primarily through per pupil revenue, Mill Levy Equalization, and other grants received from the State of Colorado, the federal government, and other local sources, as well as tuition and fees.

The remaining basic financial statements present the School's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The School reports two governmental funds:

- *Governmental fund financial statements* report all of the governmental activities. The General Fund is the School's primary operating fund. The Building Corporation Fund accounts for the activities of the Montessori del Mundo Building Corporation (the Building Corporation), which leased the School's former facility and subleased it to the School.

Figure A-1. Contents of the School's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the School's finances as reported in the financial statements. The information in the notes is as important to understanding the School's finances as the information in the financial statements. The School uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

The School's government-wide financial statements use the *economic resources measurement focus and accrual basis of accounting* (see Figure A-2.).

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

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as lease liabilities, but they do report the flows of current financial resources related to those long-term items; for

example, the proceeds from issuing debt or selling equipment, as well as principal and interest payments on debt and spending on the construction of a building.

Figure A-2. Types of Information Reported in the School's Financial Statements

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

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

2. FINANCIAL SUMMARY

Table A-1. Net Position

	Governmental Activities		Percentage
	June 30, 2026	June 30, 2025	Change
ASSETS			
Current Assets	$ 3,509,927	$ 2,582,501	35.9%
Capital Assets, Net	-	1,730,202	-100.0%
Total Assets	3,509,927	4,312,703	-18.6%
Deferred Outflows of Resources	792,890	718,840	10.3%
LIABILITIES			
Current Liabilities	814,275	891,550	-8.7%
Noncurrent Liabilities	3,828,971	5,573,980	-31.3%
Total Liabilities	4,643,246	6,465,530	-28.2%
Deferred Inflows of Resources	609,632	236,907	157.3%
NET POSITION			
Net Investment in Capital Assets	-	382,755	-100.0%
Restricted	211,338	194,900	8.4%
Unrestricted	(1,161,399)	(2,248,549)	48.3%
Total Net Position	$ (950,061)	$ (1,670,894)	43.1%

Table A-2. Changes in Net Position

	Governmental Activities		Percentage
	June 30, 2026	June 30, 2025	Change
Program Revenue:			
Charges for Services	$ 22,064	$ 12,872	71.4%
Operating Grants and Contributions	2,189,901	2,271,022	-3.6%
Capital Grants and Contributions	107,129	104,115	2.9%
Total Program Revenue	2,319,094	2,388,009	-2.9%
General Revenue:			
Per Pupil Revenue	4,096,451	3,449,774	18.7%
Mill Levy Equalization	1,172,016	943,440	24.2%
Unrestricted Investment Earnings	76,464	54,541	40.2%
Miscellaneous	61,544	133,732	-54.0%
Total General Revenue	5,406,475	4,581,487	18.0%
Total Revenue	7,725,569	6,969,496	10.8%
Expenses:			
Instruction	4,061,546	3,628,701	11.9%
Supporting Services	3,214,219	2,438,459	31.8%
Interest	230,290	119,538	92.7%
Total Expenses	7,506,055	6,186,698	21.3%
Unusual Item - Lease Termination	895,355	-	n/a
Increase/(Decrease) in Net Position	1,114,869	782,798	42.4%
Net Position, Beginning, as Originally Stated	(1,670,894)	(2,453,692)	31.9%
Restatement	(394,036)	-	n/a
Net Position, Beginning, as Restated	(2,064,930)	(2,453,692)	15.8%
Net Position, Ending	$ (950,061)	$ (1,670,894)	43.1%

Figure A-3. Governmental Activities - Revenues by Source

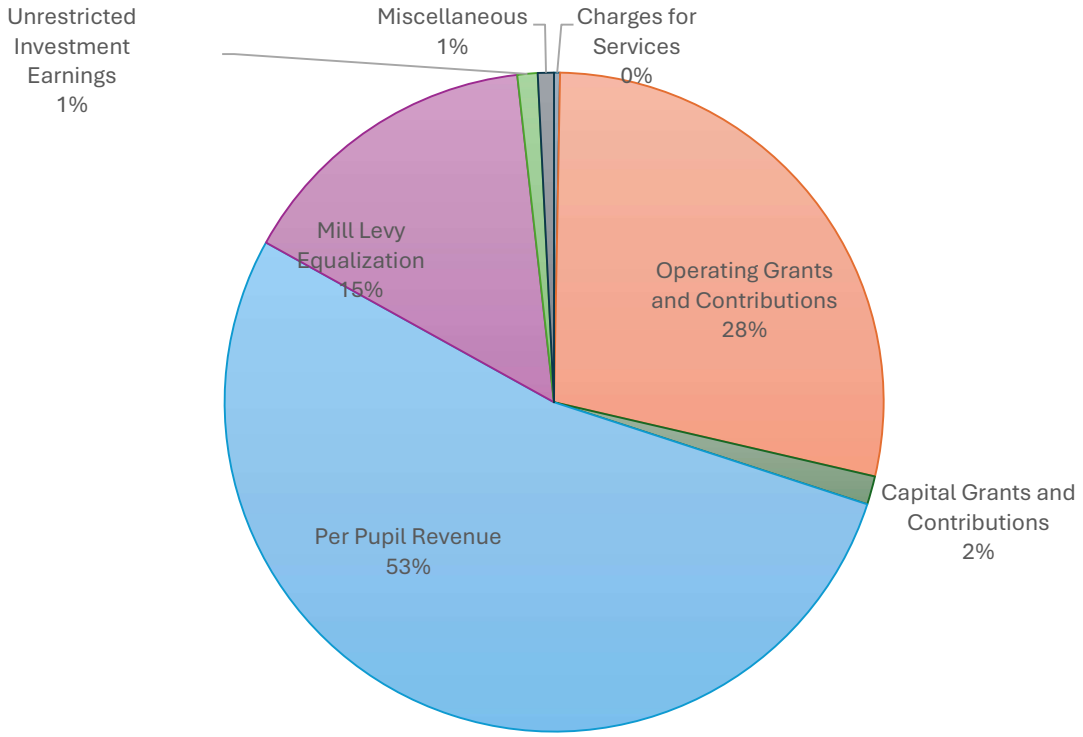
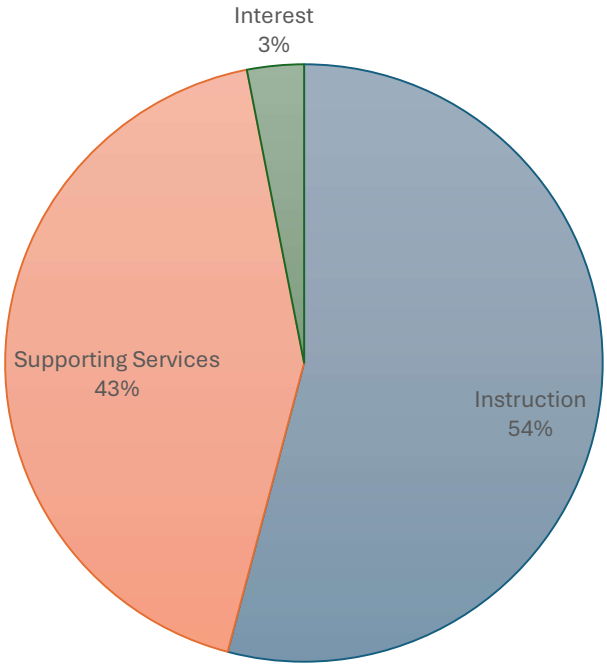


Figure A-4. Governmental Activities - Expenses by Function



3. DETAILED ANALYSIS

Governmental Activities

Tables A-1. and A-2. demonstrate that the School's net position—assets and deferred outflows minus liabilities and deferred inflows—as of June 30, 2026, was $(950,061). Net position increased by $1,114,869, or 54%, compared to the prior fiscal year's restated net position of $(2,064,930). Beginning net position was restated to reflect a $394,036 decrease for the correction of an error related to the remeasurement of the School's building lease (see Note 10 to the financial statements). The School vacated its former building and terminated the related lease effective June 30, 2026, and moved to a larger leased facility effective July 1, 2026, to support continued enrollment growth.

Various events contributed to this change in net position; however, the primary factors affecting the change are as follows:

Current Assets: During FY2026, current assets increased by 36%, or $927,426, compared to FY2025. This increase is largely due to a $774,891 increase in cash and investments, reflecting the General Fund's FY2026 operating results, as well as increases in grants receivable ($96,002), prepaid expenses ($41,443), and other receivables ($15,090). The change in current assets, combined with a $77,275 decrease in current liabilities, made up the change in governmental fund balances, discussed below in the Governmental Funds section.

Capital Assets, Net: At June 30, 2026, the School reported no capital assets, compared to $1,730,202 at June 30, 2025. With the move to a new facility, the School removed its right-to-use lease asset for the former building ($2,345,371, net of accumulated amortization) and disposed of leasehold improvements, construction in progress, and equipment associated with the former building ($412,042 net book value). The School also recognized $297,618 in depreciation and amortization during the year. See Section 4 for additional detail, including the effect of the restatement.

Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Pension and OPEB Liabilities: The School is required to report a net pension liability representing the School's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) Statement No. 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School reports this net OPEB liability, and associated deferred inflows and outflows of resources, as required by GASB Statement No. 75. These amounts change annually based on actuarial assumptions and statewide changes to the plans. In FY2026, the annual change resulted in a $164,667 decrease to net position.

Current Liabilities: During FY2026, current liabilities decreased by 9%, or $77,275, compared to FY2025. Accounts payable increased by $402,456, primarily because the School recorded a $401,157 payable at year-end to repay a Colorado Health Foundation grant for a playground renovation at its former facility, which will not be completed because of the move. Unearned revenue decreased by $485,170. At June 30, 2025, unearned revenue included $399,374 of the Colorado Health Foundation grant, which is now being repaid, and $89,360 of Daniels Fund and Temple Buell Foundation grants, which were recognized as revenue in FY2026. Accrued liabilities increased by $5,439.

Noncurrent Liabilities: During FY2026, noncurrent liabilities decreased by 31%, or $1,745,009, compared to FY2025, primarily because the building lease liability ($1,611,001 as reported at June 30, 2025) was eliminated with the termination of the lease. The net pension and OPEB liabilities also decreased by a combined $134,008 (see the PERA discussion above).

Net Investment in Capital Assets: Net investment in capital assets decreased from $382,755 to zero, because the School had no capital assets or capital-related debt at June 30, 2026, following the lease termination.

Unrestricted Net Position: Unrestricted net position improved by $1,087,150, or 48%, in FY2026, from $(2,248,549) to $(1,161,399). The improvement primarily reflects General Fund operating results and the net gain on the lease termination, partially offset by the $394,036 restatement of beginning net position and the $164,667 annual change in pension and OPEB items.

Operating Grants and Contributions: Operating grants and contributions decreased by $81,121, or 4%, in FY2026 compared to FY2025. Several grants ended, including the High-Impact Tutoring grant ($211,996) and the School Safety Disbursement ($118,119), and early literacy funding decreased by $34,714. These decreases were largely offset by new federal funding, including a $219,740 Colorado Charter School Program (Great Schools Colorado) grant for facility expansion and an $84,485 School Facility grant, as well as higher preschool tuition ($59,125). Other operating grants and contributions decreased by a net $79,642, including lower private contributions ($43,793).

Per Pupil Revenue (PPR): PPR is the School's largest funding source (53% of total revenue; see Figure A-3.) and increased by $646,677, or 19%, in FY2026 compared to FY2025. Total enrollment, including preschool students, increased from 365 to 409 as the School added a 7th grade class and expanded preschool enrollment, and the School's funded pupil count increased from 280 to 318 (14%). The per-pupil rate also increased by 5%, from $12,321 to $12,893.

Mill Levy Equalization: Mill Levy Equalization funding increased by $228,576, or 24%, in FY2026 compared to FY2025, reflecting the higher funded pupil count and an increase in Mill Levy Equalization funding per pupil.

Miscellaneous: Miscellaneous revenue decreased by $72,188, or 54%, in FY2026 compared to FY2025, primarily because FY2025 included $126,665 in E-Rate funding paid directly to a vendor for 380 student Chromebooks. FY2026 included a $51,862 refund from the Internal Revenue Service. All other miscellaneous revenue increased by a net $2,615.

Instruction: Expenses related to instruction made up 54% of total expenses in FY2026 (see Figure A-4.) and increased by $432,845, or 12%, compared to FY2025. Of this increase, $194,353 reflects higher General Fund instructional spending (discussed below). The remaining $238,492 primarily reflects the annual change in pension and OPEB expenses (see above for more information regarding PERA) and FY2025 equipment purchases that were capitalized.

Supporting Services: Expenses related to supporting services made up 43% of total expenses in FY2026 (see Figure A-4.) and increased by $775,760, or 32%, compared to FY2025, primarily due to a $412,042 loss on the disposal of leasehold improvements, construction in progress, and equipment at the School's former facility and higher General Fund supporting services spending, excluding the lease payments to the Building Corporation that are eliminated in the government-wide statements (discussed below).

Interest: Interest expense increased by $110,752, or 93%, in FY2026 compared to FY2025, reflecting interest on the building lease liability as remeasured for the August 2024 lease amendment (see Note 10 to the financial statements).

Unusual Item: In FY2026, the School reported an unusual item of $895,355 related to the termination of its former building lease. When the lease was terminated effective June 30, 2026, the School removed the remaining lease liability ($3,240,726) and the related right-to-use lease asset ($2,345,371, net of accumulated amortization), resulting in a gain. Together with the $412,042 loss on the disposal of related leasehold improvements, construction in progress, and equipment, the relocation increased net position by $483,313.

Governmental Funds

The School reports two major funds in the governmental fund financial statements: the General Fund and the Building Corporation Fund. Most of the discussion regarding governmental activities in the government-wide financial statements is equally applicable to the finances of the governmental funds. However, certain factors that are relevant to the School's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. There were changes to the governmental funds, as illustrated below. For comparability, FY2025 per pupil revenue ($3,449,774), which was reported in state sources in the FY2025 financial statements, is included in local sources in Table A-3, consistent with the FY2026 financial statements.

Table A-3. Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Building Corp Fund	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Revenues				
Local sources (including PPR)	$ 4,769,409	$ 4,128,516	$ 319,430	-
State sources	2,475,915	2,627,165	-	-
Federal sources	480,245	208,853	-	-
Total revenues	7,725,569	6,964,534	319,430	-
Expenditures				
Instruction	3,934,131	3,739,778	-	-
Supporting services	2,786,737	2,308,845	-	-
Debt service - principal	-	175,534	89,140	-
Debt service - interest	-	119,597	230,290	-
Total expenditures	6,720,868	6,343,754	319,430	-
Net change in fund balance	1,004,701	620,780	-	-
Fund balance, beginning	1,690,951	1,070,171	-	-
Fund balance, ending	$ 2,695,652	$ 1,690,951	-	-

General Fund

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective. The fund balance of the School's General Fund increased by $1,004,701, or 59%, in FY2026, as revenues exceeded expenditures, driven by enrollment growth and new federal grant funding. Increasing fund balance is one of the Board's strategic objectives, to support the School's facility expansion. Additional detail comparing current and prior year activity follows:

Local sources: Local sources, which include PPR, increased by $640,893, or 16%, in FY2026 compared to FY2025, due to the $646,677 increase in PPR discussed above. All other local revenue decreased by a net $5,784.

State sources: State sources decreased by $151,250, or 6%, in FY2026 compared to FY2025. The High-Impact Tutoring grant ($211,996) and School Safety Disbursement ($118,119) ended, and early literacy ($34,714) and School Health Professional ($19,953) funding decreased. These decreases were largely offset by a $228,576 increase in Mill Levy Equalization. All other state funding increased by a net $4,956.

Federal sources: Federal sources increased by $271,392, or 130%, in FY2026 compared to FY2025, primarily due to a new Colorado Charter School Program (Great Schools Colorado) grant for facility expansion ($219,740) and a new School Facility grant ($84,485). All other federal funding decreased by a net $32,833.

Instruction: Expenditures related to instruction increased by $194,353, or 5%, in FY2026 compared to FY2025. Purchased professional and technical services increased by $163,509, reflecting increased contracted student support services to best meet the needs of students. Benefits increased by $118,745, including non-cash state PERA on-behalf contributions, and non-capital equipment ($75,714) and supplies ($59,893) also increased. These increases were partially offset by lower equipment purchases ($125,756), because FY2025 included the E-Rate-funded student Chromebooks, as well as lower instructional salaries ($86,065), due to account coding adjustments, and property services ($17,639). All other instructional spending increased by a net $5,952.

Supporting services: Expenditures related to supporting services increased by $477,892, or 21%, in FY2026 compared to FY2025. Purchased property services increased by $400,888, primarily because the School's $319,430 in lease payments to the Building Corporation are reported in supporting services in FY2026, while FY2025 lease payments were reported as General Fund debt service. Supporting services salaries ($144,434) and benefits ($69,652), other objects ($44,263), and other purchased services ($42,251) also increased. These increases were partially offset by FY2025 leasehold improvements that did not recur ($129,130) and lower professional services ($92,514) and supplies ($44,693). All other supporting services spending increased by a net $42,741.

Debt service: The General Fund reported no debt service in FY2026, compared to $295,131 in FY2025, because lease payments for the former facility were made to the Building Corporation and reported in supporting services (see above).

Building Corporation Fund

The Building Corporation received $319,430 in lease payments from the School, which it used to make $89,140 in principal and $230,290 in interest payments on the lease of the School's former facility. The Building Corporation had no fund balance at the beginning or end of FY2026.

4. SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

At June 30, 2026, the School reported no capital assets. Beginning capital assets were restated from $1,730,202 to $3,055,031 to reflect the remeasurement of the right-to-use building lease for the August 2024 lease amendment (see Note 10 to the financial statements). During FY2026, the School recognized $297,618 in depreciation and amortization. With the School's move to a new facility, the right-to-use building lease asset ($2,345,371, net of accumulated amortization) was removed when the lease was terminated, and leasehold improvements, construction in progress, and equipment associated with the former building were disposed of ($412,042 net book

value). The net impact of all FY2026 capital asset activity was a $3,055,031 decrease in net capital assets from the restated beginning balance.

The School's long-term financing obligation was its right-to-use building lease for its former facility, which the Building Corporation leased and subleased to the School. The lease liability was restated from $1,611,001 to $3,329,866 at the beginning of FY2026 to reflect the remeasurement for the August 2024 lease amendment. During FY2026, the School made $89,140 in lease principal payments, and the remaining $3,240,726 lease liability was removed when the lease was terminated effective June 30, 2026. As a result, the School had no long-term debt at June 30, 2026. The net impact of all FY2026 long-term financing activity was a $3,329,866 decrease in lease liabilities from the restated beginning balance.

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The School is aware of the following developments that will have an impact on the School's finances in the future and were therefore incorporated into next year's budget:

New facility: Effective July 1, 2026, the School began leasing a new, larger educational facility at 14100 E. Jewell Avenue in Aurora, Colorado, to support the Board's strategic objective of continued enrollment growth. The lease runs through June 30, 2037, and provides for no base rent from July 1 through December 31, 2026, with monthly base rent beginning at $39,100 on January 1, 2027. The School expects to recognize a right-to-use lease asset and lease liability of approximately $5.4 million in FY2027. Because base rent is not due for the first six months, purchased property services are budgeted at $599,346, a decrease of $119,495 (17%) from FY2026 actuals. The School anticipates significant renovation costs at the new facility, which are expected to be added to the FY2027 budget when it is revised.

Enrollment and Per Pupil Revenue (PPR): The FY2027 budget anticipates total enrollment of 440 students, including preschool students, compared to 409 in FY2026, as the School adds an 8th grade class and further expands preschool enrollment. The funded pupil count is budgeted at 340, an increase of 22 (7%) over FY2026, and the per-pupil rate is expected to increase by 3%, to $13,331. Total PPR is budgeted at $4,532,632, an increase of $436,181 (11%) over FY2026 actual PPR.

Federal revenue: Federal revenue is budgeted at $308,455, a decrease of $171,790 (36%) from FY2026 actuals, as the Great Schools Colorado grant period ends in September 2026.

Salaries and benefits: Salaries are budgeted at $3,282,535, an increase of $106,850 (3%) over FY2026 actuals. Employee benefits are budgeted at $1,295,870, an increase of $298,836 (30%) over FY2026 actuals, reflecting an expected 20% increase in health benefit costs.

BASIC FINANCIAL STATEMENTS

MONTESSORI DEL MUNDO
STATEMENT OF NET POSITION
June 30, 2026

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 3,048,741
Grants Receivable	215,358
Other Receivables	135,651
Prepaid Expenses	50,177
Deposit on Lease	60,000
TOTAL ASSETS	3,509,927
DEFERRED OUTFLOWS OF RESOURCES	
Pensions*, Net of Accumulated Amortization*	761,046
OPEB*, Net of Accumulated Amortization*	31,844
TOTAL DEFERRED OUTFLOWS OF RESOURCES	792,890
LIABILITIES	
Accounts Payable	520,947
Accrued Liabilities	289,764
Unearned Revenue	3,564
Noncurrent Liabilities	
Net Pension Liability	3,787,118
Net OPEB Liability	41,853
TOTAL LIABILITIES	4,643,246
DEFERRED INFLOWS OF RESOURCES	
Pensions*, Net of Accumulated Amortization*	553,700
OPEB*, Net of Accumulated Amortization*	55,932
TOTAL DEFERRED INFLOWS OF RESOURCES	609,632
NET POSITION	
Restricted for:	
Emergencies	179,538
Special Education	31,800
Unrestricted	(1,161,399)
TOTAL NET POSITION	$ (950,061)

See Notes to the Financial Statements.

MONTESSORI DEL MUNDO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2026

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	$ 4,061,546	$ -	$ 1,498,047	$ -	$ (2,563,499)
Supporting Services	3,214,219	22,064	691,854	107,129	(2,393,172)
Interest on Long-Term Debt	230,290	-	-	-	(230,290)
TOTAL GOVERNMENTAL ACTIVITIES	$ 7,506,055	$ 22,064	$ 2,189,901	$ 107,129	(5,186,961)
GENERAL REVENUES					
Per Pupil Revenue					4,096,451
Mill Levy Equalization					1,172,016
Investment Income					76,464
Other					61,544
TOTAL GENERAL REVENUES					5,406,475
Unusual Item (NOTE 4)					
Right-to-Use Asset and Lease Termination					895,355
CHANGE IN NET POSITION					1,114,869
NET POSITION, Beginning, as Originally Stated					(1,670,894)
Correction of Errors					(394,036)
NET POSITION, Beginning					(2,064,930)
NET POSITION, Ending					$ (950,061)

See Notes to the Financial Statements.

MONTESSORI DEL MUNDO
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2026

	GENERAL	BUILDING CORPORATION	TOTAL
ASSETS			
Cash and Investments	$ 3,048,741	$ -	$ 3,048,741
Grants Receivable	215,358	-	215,358
Accounts Receivable	53,008	-	53,008
Other Receivable	82,643	-	82,643
Deposit on Lease	60,000	-	60,000
Prepaid Expenditures	50,177	-	50,177
TOTAL ASSETS	$ 3,509,927	$ -	$ 3,509,927
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 520,947	$ -	$ 520,947
Accrued Liabilities	289,764	-	289,764
Unearned Revenue	3,564	-	3,564
TOTAL LIABILITIES	814,275	-	814,275
FUND BALANCE			
Nonspendable			
Deposit on Lease	60,000	-	60,000
Prepaid Expenditures	50,177	-	50,177
Restricted for:			
Emergencies	179,538	-	179,538
Special Education	31,800	-	31,800
Unassigned	2,374,137	-	2,374,137
TOTAL FUND BALANCES	2,695,652	-	2,695,652
TOTAL LIABILITIES AND FUND BALANCES	$ 3,509,927	$ -	$ 3,509,927

See Notes to the Financial Statements.

MONTESSORI DEL MUNDO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2026

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:		
Total Fund Balances of Governmental Funds	$	2,695,652
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Net Pension Liability		(3,787,118)
Pension-Related Deferred Outflows of Resources		761,046
Pension-Related Deferred Inflows of Resources		(553,700)
Net OPEB Asset		(41,853)
OPEB-Related Deferred Outflows of Resources		31,844
OPEB-Related Deferred Inflows of Resources		(55,932)
Total Net Position of Governmental Activities	$	(950,061)

MONTESSORI DEL MUNDO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
Year Ended June 30, 2026

	GENERAL	BUILDING CORPORATION	TOTAL
REVENUES			
Local Sources	$ 4,769,409	$ 319,430	$ 5,088,839
State Sources	2,475,915	-	2,475,915
Federal Sources	480,245	-	480,245
TOTAL REVENUES	7,725,569	319,430	8,044,999
EXPENDITURES			
Current			
Instruction	3,934,131	-	3,934,131
Supporting Services	2,786,737	-	2,786,737
Debt Service			
Principal	-	89,140	89,140
Interest	-	230,290	230,290
TOTAL EXPENDITURES	6,720,868	319,430	7,040,298
CHANGE IN FUND BALANCES	1,004,701	-	1,004,701
FUND BALANCES, Beginning	1,690,951	-	1,690,951
FUND BALANCES, Ending	$ 2,695,652	$ -	$ 2,695,652

See Notes to the Financial Statements.

MONTESSORI DEL MUNDO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Net Change in Fund Balances of the Governmental Funds	$	1,004,701
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 follows:		
Depreciation Expense		(297,618)
Loss on Disposal of Capital Assets		(412,042)
Unusual Item - Removal of the Right-to-Use Lease Asset and Lease Termination		895,355
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 includes the changes in the following:		
Lease Principal Payment		89,140
Net Pension Liability		106,772
Pension-Related Deferred Outflows of Resources		87,120
Pension-Related Deferred Inflows of Resources		(366,230)
Net OPEB Liability		27,236
OPEB-Related Deferred Outflows of Resources		(13,070)
OPEB-Related Deferred Inflows of Resources		(6,495)
Change in Net Position of Governmental Activities	$	1,114,869

See Notes to the Financial Statements.

NOTE 1: Summary of Significant Accounting Policies

Montessori del Mundo (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school. Effective July 1, 2024, the School entered into an extension with the Colorado Charter School Institute (the Institute) to authorize the School for an additional term of three years. The School began operations in the Fall of 2014.

The accounting policies of the School conform to generally accepted accounting principles 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 School's significant accounting policies.

Reporting Entity

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

The School includes the Montessori del Mundo Building Corporation within its reporting entity. The entity was formed to acquire and hold real and/or personal property for, and to lease or make the same available for use by, the School, and to otherwise provide facilities, equipment and other physical infrastructure and related support to the Academy. The Building Corporation is blended into the Academy's financial statements as a special revenue fund and does not issue separate financial statements.

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 School. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

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

Separate financial statements are provided for the governmental fund. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School.

The *Building Corporation* is used to account for the financial activities of the Corporation, primarily capital assets and the related debt.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. The School considers all other revenues to be available if they are collected within 120 days of the end of the current year.

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 received by the School.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Cash and Investments – Cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

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

Prepaid Expenditures / Expenses – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses using consumption method.

Capital Assets – Capital assets, which include property and equipment and right-to-use assets, are reported in the government-wide 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 the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets and right-to-use assets are depreciated and amortized, respectively, using the straight-line method over the following estimated useful lives.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Equipment	10 years
Leasehold Improvements	Amortized over the shorter of useful life or lease term

Unearned Revenue – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

Deferred Outflows of Resources – Deferred outflows of resources in the government-wide financial statements are related to pension and OPEB liabilities but not recognized as a use of current financial resources.

Accrued Salaries and Benefits – Salaries and retirement benefits are paid August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Pensions – The School 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, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan 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 and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

The School determines whether an arrangement is a lease at inception. For leasing arrangements where the School is the lessee, leases are reported as right-to-use assets and noncurrent liabilities in the statement of net position.

Lease assets represent the School's control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date on the initial measurement of the lease liabilities, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leased assets are defined by the School as assets with an initial, individual cost of more than $5,000.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Lease liabilities represent the School's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. For individual lease contracts where information about the discount rate implicit in the lease is not included, the School has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Deferred Inflows of Resources – Deferred inflows of resources in the government-wide financial statements are related to pension and OPEB liabilities but not available as current financial resources.

Net Position/Fund Balances – In the government-wide and fund financial statements, net position and fund balances 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 School 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 School uses restricted fund balance first, followed by committed, assigned, and unassigned balances.

NOTE 2: Cash and Investments

At June 30, 2026, the School had the following cash and investments:

Cash on Hand	$	3,613
Deposits		945,716
Investments		2,099,412
Total	$	3,048,741

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. 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, 2026, the School had bank deposits of $695,715 collateralized with securities held by the financial institution's agent but not in the School's name.

Investments

The School 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 do not address custodial risk.

NOTE 2: 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

Fair Value Measurements – At June 30, 2026, the School's investments in the local government investment pool reported at the net asset value per share, with each share valued at $1.

Interest Rate Risk – State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk – State statutes do not limit the amount the School may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool – At June 30, 2026, the School had $2,099,412 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) Plus, investment vehicles 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 the Pools. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7 or GASBS No. 79. The Pools are reported at the net asset value per share, with each share valued at $1. The Pools are rated AAAm by Standard and Poor's. Investments of the Pools 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.

NOTE 3: Capital Assets and Unusual Item

Capital assets activity for the year ended June 30, 2026, is summarized below.

	Restated Balance 6/30/2025	Additions	Deletions	* Balance 6/30/2026
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 94,306	$ -	$ (94,306)	$ -
Capital Assets, Being Depreciated / Amortized:				
Right-to-Use Lease - Building	3,508,365	-	(3,508,365)	-
Leasehold Improvements	1,040,547	-	(1,040,547)	-
Equipment	11,805	-	(11,805)	-
Total Capital Assets, Being Depreciated / Amortized	4,560,717	-	(4,560,717)	-
Less: Accumulated Depreciation and Amortization				
Right-to-Use Lease - Building	(930,395)	(232,599)	1,162,994	-
Leasehold Improvements	(664,012)	(63,539)	727,551	-
Equipment	(5,585)	(1,480)	7,065	-
Total Accumulated Depreciation / Amortization	(1,599,992)	(297,618)	1,897,610	-
Capital Assets, Being Depreciated, Net	2,960,725	(297,618)	(2,663,107)	-
Capital Assets, Governmental Activities, Net	$ 3,055,031	$ (297,618)	$ (2,757,413)	$ -

* The School vacated its former building and terminated the related lease effective June 30, 2026. Accordingly, the right-to-use lease asset and capital assets associated with the former building were removed from the School's records as of June 30, 2026. The lease for the School's new building did not commence until July 1, 2026, and the School did not occupy the new building until August 2026. Therefore, no capital assets associated with the new facility had been placed into service as of June 30, 2026. As a result, the School had no capital assets as of June 30, 2026. Capital assets associated with the new building will be recorded during the fiscal year ended June 30, 2027, as they are purchased and placed into service. See Note 9 – Subsequent Events for additional information regarding the new building lease.

Depreciation and amortization expenses of the governmental activities were charged to the supporting services program of the School.

NOTE 4: Long-Term Debt and Unusual Item

Long-term debt activity for the year ended June 30, 2026, is summarized below.

	Restatement Balance 6/30/2025	Additions	Reductions	Balance 6/30/2026	Due Within One Year
Governmental Activities					
Right-to-use Building Lease	$ 3,329,866	$ -	$ 3,329,866	$ -	$ -

NOTE 4: Long-Term Debt and Unusual Item (Continued)

On June 19, 2013, the Corporation entered into an agreement to lease an educational facility and simultaneously approved a sublease agreement with the School to use the facilities. The lease was subsequently amended multiple times, most recently by the Tenth Amendment dated August 1, 2024, which extended the lease term and provided for additional expansion space. During the fiscal year ended June 30, 2026, the School paid $89,140 in principal. The lease was subsequently terminated effective June 30, 2026. Accordingly, the remaining right-to-use building lease liability of $3,240,726 was removed as of June 30, 2026, resulting in no outstanding lease liability at year-end. The lease for the School's new educational facility commenced July 1, 2026. Therefore, no lease liability related to the new facility was recognized as of June 30, 2026. See Note 9 – Subsequent Events for additional information regarding the new building lease.

NOTE 5: Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School insures using commercial insurance carriers against loss or damage to property, workers' compensation, and other liability to help mitigate these risks.

NOTE 6: Defined Benefit Pension Plan

General Information

Plan Description – The School 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 School participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided as of December 31, 2025 (Measurement Year) – 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 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 a) highest average salary over five years 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 all cases, the benefit amount may not exceed the highest average salary, or the amount allowed by applicable federal regulations.

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula(s) described previously, considering a minimum of 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) in place, and the qualified survivor(s) receiving the benefits.

Contributions provisions as of June 30, 2026 – The School, State, and eligible employees are required to contribute to the SDTF at rates established by C.R.S. § 24-51-401, et seq. and § 24-51-413. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2025, through June 30, 2026. The School's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7).

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SDTF. The School's contributions to the SDTF for the year ended June 30, 2026, were $486,074 equal to the required contributions at a contribution rate of 20.38%.

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

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

The net pension liability was measured at December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll forward the total pension liability to December 31, 2025. The School's proportion of the net pension liability was based on the School's contributions to the SDTF for the calendar year ended December 31, 2025, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2025, the School's proportion was 0.0242827389%, which was an increase of 0.0017158729% from its proportion measured at December 31, 2024.

At June 30, 2026, the School reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the School. The amount recognized by the School as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	$ 3,787,118
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	355,902
Total	$ 4,143,020

For the year ended June 30, 2026, the School recognized pension expense of $649,977 and a revenue of ($52,048) for support from the State as a nonemployer contributing entity. At June 30, 2026, 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
Differences between expected and actual experience	$ 227,925	$ -
Changes of assumptions and other inputs	18,592	-
Net difference between projected and actual earnings on plan investments	-	454,314
Changes in proportion and differences between contributions recognized and proportionate share of contributions	227,623	99,386
Contributions subsequent to the measurement date	286,906	-
Total	$ 761,046	$ 553,700

School contributions subsequent to the measurement date of $286,906 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:

NOTE 6: Defined Benefit Pension Plan (Continued)

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

Year Ended June 30,	
2027	$ 276,694
2028	(128,628)
2029	(112,868)
2030	(114,758)
Total	$ (79,560)

Actuarial Assumptions - The actuarial valuation as of December 31, 2024, determined the total pension liability using the following actuarial assumptions and other inputs.

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

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates for all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 95% of the rates for all ages.

NOTE 6: 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, 2024, valuation were based on the results of the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the PERA Board of Directors at their January 17, 2025, meeting.

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

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

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

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

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 exptected nominal rate of return assumption of 7.25%.

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

NOTE 6: Defined Benefit Pension Plan (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, reflecting the prior increases as required by Senate Bill (SB) 18-200 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- School 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 and 2018 and 2020 AAP assessments. School contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated School contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, School contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving and portion of the annual direct distribution. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- School contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until they are transferred out of the annual increase reserve to the appropriate accounts for retirement and survivor benefit payments. Estimated transfers from the annual increase reserve and the related benefit payments were included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

NOTE 6: 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 School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 5,357,699	$ 3,787,118	$ 2,471,952

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 7: Postemployment Healthcare Benefits

General Information

Plan Description – Eligible employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (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. C.R.S. provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided – The HCTF provides a healthcare 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 benefit recipients or retirees are 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 retirees and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

Enrollment in the PERACare health benefits program is voluntary and 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, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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 State 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 recipients not covered by Medicare Part A.

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

Contributions – As established by Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, 1.02% of the School's contributions to the School Division Trust Fund (SDTF) (Note 6) are apportioned to the HCTF. No employee contributions are required. Effective July 1, 2026, HB 26-1400 also reduces the PERA employer contribution rate allowed to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, SDTF, Local Government, and Judicial Divisions. These contribution requirements are established and may be amended by the State Legislature. The School's apportionment to the HCTF for the year ended June 30, 2026, was $24,328, equal to the required amount.

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

At June 30, 2026, the School reported a net OPEB liability of $41,853, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2025. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2025, relative to the contributions of all participating employers.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

At December 31, 2025, the School's proportion was 0.0155327353%, which was an increase of 0.0010840935% from its proportion measured at December 31, 2024.

For the year ended June 30, 2026, the School recognized OPEB expense of $16,234. At June 30, 2026, 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
Differences between expected and actual experience	$ -	$ 16,935
Changes of assumptions and other inputs	459	20,318
Net difference between projected and actual earnings on plan investments	-	6,685
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,026	11,994
Contributions subsequent to the measurement date	14,359	-
Total	$ 31,844	$ 55,932

School contributions subsequent to the measurement date of $14,359 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2027	$ (6,107)
2028	(11,268)
2029	(10,420)
2030	(7,609)
2031	(2,578)
2032	(465)
Total	$ (38,447)

Actuarial Assumptions – The actuarial valuation as of December 31, 2024, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	4.00% - 13.40%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Heath care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
8% in 2025, gradually decreasing to 4.5% in 2035	
Medicare Part A premiums:	
3.5% in 2025, gradually increasing to 4.5% in 2033	

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

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

The 2025 Medicare Part A premium is $518 per month. All costs are subject to the health care cost trend rates, discussed as follows.

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

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

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

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

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

All categories of the mortality tables are generationally projected using scale MP-2021.

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates age 85 and older.
- Post retirement (beneficiary) non-disabled mortality assumptions for the SDTF were based upon the Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates of all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree table using 95% of the rates for all ages.

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

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

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary. The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the Board on January 17, 2025.

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

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

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

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

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

Sensitivity of the 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:

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate**	6.65%	7.65%	8.65%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate**	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 40,113	$ 41,853	$ 43,823

** For the January 1, 2026, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2025, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. The current employer contribution rate for the HCTF is 1.02% of salary. HB26-1400, effective July 1, 2026, reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, 1.02% to 0.52% of member salaries for the State, SDTF, Local Government, and Judicial Divisions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF'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% 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%. There was no change in the discount rate from the prior measurement date.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 57,623	$ 41,853	$ 28,252

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 8: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. At June 30, 2026, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The School is subject to the Amendment. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment.

The Amendment requires the School to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2026, the School's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $179,538.

Special Education Reserve

The Charter School Institute requires the School to maintain a special education reserve of $100 per pupil not to exceed $90,000. At June 30, 2026, the School reported this reserve as restricted fund balance in the amount of $31,800, which is in compliance with the requirement.

NOTE 9: SUBSEQUENT EVENT

Effective July 1, 2026, the School entered into a lease for a new educational facility located at 14100 E. Jewell Avenue, Aurora, Colorado. The leased premises consist of approximately 46,920 rentable square feet, and the lease expires June 30, 2037. The lease provides for no base rent from July 1, 2026, through December 31, 2026, with monthly base rent beginning at $39,100 on January 1, 2027, and increasing at specified intervals over the remaining lease term.

In accordance with GASB Statement No. 87, *Leases*, the School will recognize a right-to-use lease asset and corresponding lease liability in fiscal year 2027 upon commencement of the lease. Based on the lease terms and a discount rate of 4.46%, the initial lease liability and right-to-use lease asset are estimated to be approximately $5.4 million. The lease liability represents the present value of fixed payments required over the lease term. Variable operating costs, including common area maintenance charges, are excluded from the lease liability and will be recognized as incurred. Because the lease commenced on July 1, 2026, no right-to-use lease asset or related lease liability was recognized as of June 30, 2026.

NOTE 10 — RESTATEMENT OF NET POSITION

During year ended June 30, 2026, management identified that a lease modification was not remeasured in accordance with GASB Statement No. 87, Leases, during fiscal year 2025. On August 1, 2024, the landlord and tenant entered into a Tenth Amendment to the underlying lease that extended the lease term for the existing premises by five years, from July 31, 2031, to July 31, 2036, and added approximately 1,246 square feet of expansion space to the premises effective that same date. This change in lease term and scope was a reassessment event under GASB 87 requiring remeasurement of the lease liability and the related right to use lease asset as of the modification date, but this remeasurement was not recorded in the June 30, 2025, financial statements.

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, this omission is being treated as a correction of an error in previously issued financial statements. Because the error originated during the fiscal year ended June 30, 2025, and those financial statements are not being reissued, the cumulative effect of the correction is reported as a restatement of beginning net position for governmental activities as of July 1, 2025. The effect of the correction is as follows.

	Governmental Activities
Net Position/Fund Balance, Beginning, as Originally Stated	$ (1,670,894)
Capital Assets	1,242,411
Right-to-use Lease - Accumulated Amortization	82,418
Right-to-use Lease Liability	(1,718,865)
Net Position/Fund Balance, Beginning, as Restated	$ (2,064,930)

REQUIRED SUPPLEMENTARY INFORMATION

MONTESSORI DEL MUNDO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2026

	BUDGET		BUDGET VARIANCE		BUDGET TO ACTUAL VARIANCE
	ORIGINAL	FINAL	Positive (Negative)	ACTUAL	Positive (Negative)
REVENUES					
Local Sources					
Per Pupil Revenue	$ 4,046,749	$ 4,100,066	$ 53,317	$ 4,096,451	$ (3,615)
Local Grants	918,257	863,582	(54,675)	448,951	(414,631)
Interest	-	75,000	75,000	76,464	1,464
Donations	30,000	30,000	-	63,935	33,935
Other	21,355	16,370	(4,985)	83,608	67,238
State Grants	2,241,588	2,368,820	127,232	2,475,915	107,095
Federal Grants	180,675	215,432	34,757	480,245	264,813
TOTAL REVENUES	7,438,624	7,669,270	230,646	7,725,569	56,299
EXPENDITURES					
Current					
Instruction					
Salaries	2,833,984	2,795,432	38,552	2,457,268	338,164
Employee Benefits	957,606	994,864	(37,258)	769,767	225,097
Purchased Services	462,093	447,235	14,858	492,860	(45,625)
Supplies and Materials	201,662	198,899	2,763	131,838	67,061
Property	44,740	38,825	5,915	76,536	(37,711)
Other	11,948	135,070	(123,122)	5,862	129,208
Total Instruction	4,512,033	4,610,325	(98,292)	3,934,131	676,194
Supporting Services					
Salaries	409,444	356,834	52,610	718,417	(361,583)
Employee Benefits	138,352	126,993	11,359	227,267	(100,274)
Purchased Services	1,622,428	1,630,465	(8,037)	1,542,413	88,052
Supplies and Materials	78,219	88,424	(10,205)	136,993	(48,569)
Property	421,157	721,157	(300,000)	97,452	623,705
Other	17,090	16,762	328	64,195	(47,433)
Total Supporting Services	2,686,690	2,940,635	(253,945)	2,786,737	153,898
TOTAL EXPENDITURES	7,198,723	7,550,960	(352,237)	6,720,868	830,092
CHANGE IN FUND BALANCE	239,901	118,310	(121,591)	1,004,701	886,391
FUND BALANCE, Beginning	1,659,324	1,689,948	30,624	1,690,951	1,003
FUND BALANCE, Ending	$ 1,899,225	$ 1,808,258	$ (90,967)	$ 2,695,652	$ 887,394

MONTESSORI DEL MUNDO
BUDGETARY COMPARISON SCHEDULE
BUILDING CORPORATION
Year Ended June 30, 2026

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	$ 319,430	$ 319,430	$ -
EXPENDITURES			
Debt Service			
Principal	89,140	89,140	-
Interest and Fiscal Charges	230,290	230,290	-
TOTAL EXPENDITURES	319,430	319,430	-
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	$ -	$ -	$ -

MONTESSORI DEL MUNDO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOLS DIVISION TRUST FUND
June 30, 2026

MEASUREMENT YEAR	12/31/25	12/31/24	12/31/23	12/31/22
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
School's Proportion of the Net Pension Liability	0.0242827389%	0.0225668663%	0.0240849133%	0.0217837022%
School's Proportionate Share of the Net Pension Liability	$ 3,787,118	$ 3,893,890	$ 4,259,037	$ 3,966,696
State's Proportionate Share of the Net Pension Liability Associated with the School	355,902	349,733	93,388	350,393
Total Proportionate Share of the Net Pension Liability	$ 4,143,020	$ 4,243,623	$ 4,352,425	$ 4,317,089
School's Covered Payroll	$ 2,385,054	$ 1,743,847	$ 1,592,234	$ 1,679,297
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	159%	223%	267%	236%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72%	67%	65%	62%

FISCAL YEAR	6/30/26	6/30/25	6/30/24	6/30/23
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	$ 486,074	$ 388,301	$ 312,275	$ 340,169
Contributions in Relation to the Statutorily Required Contribution	(486,074)	(388,301)	(312,275)	(340,169)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 2,385,054	$ 1,905,300	$ 1,532,261	$ 1,669,132
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.38%	20.38%

12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
0.0230580135%	0.0233010327%	0.0196969081%	0.0189063555%	0.0193192887%	0.0214353789%
$ 2,683,345	$ 3,522,646	$ 2,942,675	$ 3,347,759	$ 6,247,171	$ 6,382,141
307,612	-	373,241	457,756	-	-
$ 2,990,957	$ 3,522,646	$ 3,315,916	$ 3,805,515	$ 6,247,171	$ 6,382,141
$ 1,441,053	$ 1,244,189	$ 1,154,821	$ 1,039,383	$ 887,661	$ 962,057
186%	283%	255%	322%	704%	663%
75%	67%	65%	57%	44%	43%

6/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
$ 309,189	$ 258,739	$ 238,854	$ 216,464	$ 174,138	$ 178,376
(309,189)	(258,739)	(238,854)	(216,464)	(174,138)	(178,376)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,555,274	$ 1,301,502	$ 1,232,474	$ 1,142,452	$ 917,451	$ 970,564
19.88%	19.88%	19.38%	18.95%	18.98%	18.38%

MONTESSORI DEL MUNDO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2026

	12/31/25	12/31/24	12/31/23	12/31/22
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
School's Proportion of the Net OPEB Liability	0.0155327353%	0.0144486418%	0.0144087395%	0.0165486292%
School's Proportionate Share of the Net OPEB Liability	$ 41,853	$ 69,089	$ 102,839	$ 135,116
School's Covered Payroll	$ 1,968,418	$ 1,743,847	$ 1,592,234	$ 1,679,297
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	2%	4%	6%	8%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	76%	60%	46%	39%
FISCAL YEAR	6/30/26	6/30/25	6/30/24	6/30/23
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	$ 24,328	$ 19,434	$ 15,629	$ 17,025
Contributions in Relation to the Statutorily Required Contribution	(24,328)	(19,434)	(15,629)	(17,025)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 2,385,054	$ 1,905,300	$ 1,532,261	$ 1,669,132
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.
Presentation is shown for the years it is available.

12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
0.0150551345%	0.0134764289%	0.0128690732%	0.0122892276%	0.0122892276%
$ 128,056	$ 144,648	$ 167,200	$ 159,711	$ 142,096
$ 1,441,053	$ 1,244,189	$ 1,154,821	$ 1,039,383	$ 887,661
9%	12%	14%	15%	16%
39%	33%	24%	17%	17%

6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
$ 15,864	$ 13,275	$ 12,571	$ 11,653	$ 9,358
(15,864)	(13,275)	(12,571)	(11,653)	(9,358)
$ -	$ -	$ -	$ -	$ -
$ 1,555,274	$ 1,301,502	$ 1,232,474	$ 1,142,452	$ 917,451
1.02%	1.02%	1.02%	1.02%	1.02%

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The School adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the School Board of Directors to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Director of the School. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All budget appropriations lapse at fiscal year-end.

Variances

Budgetary Revenues

Differences – original budget to final budget:

- Variance was primarily due to an increase in enrollment and funded pupil count, along with higher anticipated state, local, and federal revenue, resulting in higher budgeted per pupil funding.

Differences – final budget to actual:

- Actual revenues came in slightly above the final budget overall. This reflects offsetting differences, a shortfall in anticipated local grant revenue, more than offset by state and federal grant revenue, donations, and other local revenue coming in higher than budgeted.

Budgetary Expenditures

Differences – original budget to final budget

- Variance was primarily due to increased anticipated instructional staffing and program costs associated with enrollment growth, along with an increase in budgeted property and capital related costs tied to the school's facility expansion, partially offset by a decrease in supporting services costs.

Differences – final budget to actual.

- Actual expenditures came in below the final budget, mainly because the facility expansion project cost less than budgeted as its timing shifted to a later year.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

SDTF Plan – Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

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

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

HCTF Plan – As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

As of the December 31, 2024, measurement date, the fiduciary net position, and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

For RSI disclosures reported in previous years, refer to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information at the following link: https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 3: Changes in Assumptions and Other Inputs

STDF Plan – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

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

HCTF Plan – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups. Participation rates were reduced. MAPD premium costs are no longer age graded.

For RSI disclosures reported in previous years to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information may be obtained as follows: https://copera.org/forms-resources/financial-reports-and-studies.