Pikes Peak Prep
Colorado Springs, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

June 30, 2017

Pikes Peak Prep

BASIC FINANCIAL STATEMENTS

June 30, 2017

BARNES GRIGGS & ASSOCIATES, PC

Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pikes Peak Prep
Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Pikes Peak Prep (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Pikes Peak Prep, as of June 30, 2017, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Barnes Griggs & Associates, PC

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iv and Required Supplementary Information on page 26, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Barnes Griggs & Associates, PC

Lakewood, Colorado
October 15, 2017

Management's Discussion and Analysis
Pikes Peak Prep
June 30, 2017

As management of Pikes Peak Prep Charter School (the School), we offer readers of Pikes Peak Prep's financial statements this narrative overview and analysis of the financial activities of the school for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the school's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The school's total net position decreased by $1,283,250, and the cumulative fund balance decreased $132,914, to $274,042.
- Revenues decreased by 7.8% and expenses decreased by approximately 11.7% over the prior year.
- The government-wide governmental activities liabilities and deferred inflows of the School exceeded its assets and deferred outflows at June 30, 2017 by $5,156,698 (net position). $4,635,035 of this deficit is due to the posting of the "Net Pension Liability" (NPL) required pursuant to GASB Statement No. 68.

  Effective July 1, 2014, the School, and all other governments throughout the nation that provide their employees with pension benefits, was required to apply GASB Statement No. 68, to their government-wide financial statements. The fund financial statements are not impacted by this reporting requirement. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions with the intent of providing decision-useful information, supporting assessments of accountability and creating greater transparency. Please refer to Note 10 within the Notes to Financial Statements section of this report starting on page 15.

  The School provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employees' Retirement Association of Colorado (PERA). PERA administers five separate defined benefit pension trust funds on behalf of various governmental, judicial and PK-12 public education entities. All PK-12 Schools and charter schools in Colorado are statutorily mandated to participate in the School Division Trust Fund (SCHDTF) of PERA with the exception of Denver Public Schools (DPS) which joined PERA in January of 2010 pursuant to Senate Bill 09-282. DPS has its own separate trust fund within PERA.

  PERA has implemented GASB Statement No. 67, "Financial Reporting For Pension Plans" – a statement that impacts the administration of pension benefit plans throughout the nation. This Statement requires a financial disclosure methodology moving from the prior funding-based approach to an accounting based approach. The use of the annual required contribution (ARC) as a funding benchmark is no longer required. Instead, this philosophical shift requires the development of a plan-specific actuarially determined contribution (ADC) benchmark against which to gauge the adequacy of Colorado PERA's statutory contribution rates. As of December 31, 2016, the SCHDTF reports an unfunded liability of $29,773,867. The School's portion of this liability is about .0262 percent or $7,805,186. This School proportionate share is calculated based on the School's pension contribution through calendar year 2016 in comparison to all the PK-12 (excluding DPS) entities contribution in that year.

It is important to note that the School does not have a responsibility to pay the amount shown as the School's NPL. The School's direct liability is limited to the annually required contributions established by the State Legislature. In addition, the School does not have any control over the investment policies associated with PERA investments. These responsibilities lie solely with the PERA Board and the PERA administration. Decision regarding the plan benefit design and the funding policies lie solely with the State Legislature.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the school's basic financial statements. The first statement is the Statement of Net Position, which demonstrates the school's current net position and change in position since last year. The second statement is the Statement of Activities, which demonstrates the revenues and expenses by activity (primarily Government Funds). The third statement is the school's Balance Sheet of Governmental Funds, which demonstrates the fund balances for the Governmental Funds only. The fourth and final statement is the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.

GOVERNMENTAL FUNDS

Governmental Funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the school's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out; therefore, increases in capital improvements are not recognized in this statement (although those investments are reflected in the Net Position). Governmental funds are reported using an accounting method called "modified accrual accounting" that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the school's programs.

NOTES TO THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position serves over time as one useful indicator of a school's financial condition. In this case, the school still reflects a deficit in net position from losses incurred in prior years and the net pension liability related to the School's retirement plan for fiscal year 2017. Approximately $3.9 million of the deficit is due to GASB 68. However, as the school remains stable in enrollment and continues to retire debt, it is anticipated that the negative net position, exclusive of any adjustments required for GASB 68, will decrease in future years.

ANALYSIS OF RESTRICTED FUNDS

The school maintained its Tabor reserve at $87,400, as required by statute. These funds are considered restricted.

Statements of Net Position

	2017	2016
Assets		
Cash	$ 181,719	$ 242,308
Receivables and prepaid expenses	259,387	295,554
Capital assets, net	63,127	35,012
Total Assets	504,233	572,874
Deferred Outflows of Resources		
Pension, net of accumulated amortization	3,133,094	529,528
Total Deferred Ouflows of Resources	3,133,094	529,528
Liabilities		
Current liabilities	167,064	130,906
Long-term liabilities outstanding	785,172	793,542
Net Pension liability	7,804,959	3,996,168
Total Liabilities	8,757,195	4,920,616
Deferred Inflows of Resources		
Pension, net of accumulated amortization	36,830	55,234
Total Deferred Inflows of Resources	36,830	55,234
Net Position		
Net investment in capital assets	(20,330)	(48,445)
Restricted for emergencies	87,400	87,400
Unrestricted	(5,223,768)	(3,912,403)
Total Net Position	$ (5,156,698)	$ (3,873,448)

Changes in Net Position

	Governmental Activities	
	2017	**2016**
Revenues		
Local sources	$ 2,550,474	$ 2,746,515
State sources	32,434	63,953
Federal sources	114,480	11,948
Total Revenues	2,697,388	2,822,416
Expenses		
Current		
Instruction	2,607,608	1,614,379
Supporting services	1,373,030	1,545,031
Debt service interest	-	147
Total Expenses	3,980,638	3,159,557
Change in Net Position	(1,283,250)	(234,141)
Net Position - Beginning	(3,873,448)	(3,639,307)
Net Position - Ending	$ (5,156,698)	$ (3,873,448)

REQUESTS FOR INFORMATION:

This report is designated to provide an overview of the school's finances for those with an interest in this area. Questions concerning any of the information found in this report of requests for additional information should be directed to the Treasurer, Pikes Peak Prep, c/o GEO Foundation, 1630 N Meridian Street, Suite 350, Indianapolis, IN 46202.

Basic Financial Statements

PIKES PEAK PREP

STATEMENT OF NET POSITION

June 30, 2017

		Governmental Activities
ASSETS		
Cash	$	181,719
Account receivable		235,073
Prepaid expenses		24,314
Capital assets, net of accumulated depreciation		63,127
Total assets		504,233
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflow		3,133,094
Total deferred outflows of resources		3,133,094
LIABILITIES		
Accounts payable		60,656
Accrued expenses		3,640
Accrued salaries and benefits		102,768
Noncurrent liabilities		
Due within one year		50,000
Due in more than one year		735,172
Net pension liability		7,804,959
Total liabilities		8,757,195
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflow		36,830
NET POSITION		
Net investment in capital assets		(20,330)
Restricted for emergency		87,400
Unrestricted		(5,223,768)
Total net position	$	(5,156,698)

The accompanying Notes to the Financial Statements are an integral part of these statements.

PIKES PEAK PREP

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

		Program Revenues			
Functions/Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Total**
Primary government					
Governmental Activities					
Instructional	$ 2,607,608	$ -	$ 357,958	$ -	$ (2,249,650)
Supporting services	1,373,030	-	-	83,963	(1,289,067)
Interest on long-term debt	-	-	-	-	-
Total primary government	3,980,638	-	357,958	83,963	(3,538,717)

General revenues:	
Per pupil revenue	2,253,515
Other revenue	1,952
Total general revenues	2,255,467
Change in net position	(1,283,250)
Net position - beginning of year	(3,873,448)
Net position - ending of year	$ (5,156,698)

The accompanying Notes to the Financial Statements are an integral part of these statements.

PIKES PEAK PREP

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

		General Fund
ASSETS		
Cash	$	181,719
Account receivable		235,073
Prepaid expenses		24,314
Total assets		441,106
LIABILITIES		
Accounts payable		60,656
Accrued expenses		3,640
Accrued salaries and benefits		102,768
Total liabilities		167,064
FUND BALANCES		
Nonspendable		24,314
Restricted for emergencies		87,800
Unassigned		161,928
Total fund balances		274,042
TOTAL LIABILITIES AND FUND BALANCE	$	441,106

Amounts reported for governmental activities in the statement of net position are different because:		
Government fund balance	$	274,042
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. This amount is net of accumulated depreciation of $557,117 at June 30, 2016		63,127
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(7,804,959)
Deferred outflows of resources		3,133,094
Deferred inflows of resources		(36,830)
Long-term liabilities are not due and payable in the current period and are not reported in the funds		(785,172)
Net position of governmental activities	$	(5,156,698)

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

PIKES PEAK PREP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	General Fund
REVENUES	
Local sources	$ 2,550,474
State sources	32,434
Federal sources	114,480
Total revenues	2,697,388
EXPENDITURES	
Current	
Instruction	1,390,913
Supporting services	1,373,030
Capital expenditures	57,989
Debt Service:	
Principal	8,539
Interest	-
Total expenditures	2,830,471
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(133,083)
OTHER FINANCING SOURCES	
Loan proceeds	169
Total other financing sources	169
NET CHANGE IN FUND BALANCE	(132,914)
FUND BALANCE - BEGINNING	406,956
FUND BALANCE - ENDING	$ 274,042

The accompanying Notes to the Financial Statements are an integral part of these statements.

PIKES PEAK PREP

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

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

Net change in fund balances - total governmental funds:	$	(132,914)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital expenditures		57,989
Depreciation expense		(29,874)
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments		8,539
Loan proceeds		(169)
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.		
Change in net pension liability		(3,808,792)
Change in deferred outflows		2,603,566
Change in deferred inflows		18,405
Change in net position of governmental activities	$	(1,283,250)

The accompanying Notes to the Financial Statements are an integral part of these statements.

PIKES PEAK PREP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources				
Per pupil revenue	$ 2,367,886	$ 2,392,709	$ 2,253,515	$ (139,194)
Tutition and fees	-	-	0	-
Grants and contributions	-	-	295,007	295,007
Other	70,000	276,970	1,952	(275,018)
Federal and state sources	146,683	145,359	147,362	2,003
Total revenues	2,584,569	2,815,038	2,697,836	(117,202)
EXPENDITURES				
Salaries	1,223,359	1,270,181	1,307,968	(37,787)
Employee benefits	323,921	354,434	375,706	(21,272)
Purchased services	602,060	615,178	386,173	229,005
Purchased services - Occupancy	456,868	499,655	485,455	14,200
Supplies, repair, and materials	62,433	90,158	202,565	(112,407)
Other	-	16,077	6,524	9,553
Capital expenditures	80,527	132,488	57,989	74,499
Debt Service				
Principal and Interest	-	925	8,539	(7,614)
Total expenditures	2,749,168	2,979,096	2,830,919	148,177
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(164,599)	(164,058)	(133,083)	30,975
OTHER FINANCING SOURCES				
Loan proceeds	-	-	169	169
Total other financing sources	-	-	169	169
NET CHANGE IN FUND BALANCE	(164,599)	(164,058)	(132,914)	31,144
FUND BALANCE - BEGINNING	406,959	406,959	406,956	-
FUND BALANCE - ENDING	$ 242,360	$ 242,901	$ 274,042	$ 31,144

The accompanying Notes to the Financial Statements are an integral part of these statements.

Note 1 – Reporting entity

Pikes Peak Prep (School) was formed on 2005 pursuant to the Colorado Charter School Act to form and operate a charter school. The School previously operated under the name "21st Century Charter School at Colorado Springs", but changed its name to "Pikes Peak Prep" during the fiscal year 2009.

The School follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of an organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

As of June 30, 2017, no component unit has been identified as reportable to the School. The School has been identified as a component unit of GEO Foundation (GEO), headquartered in Indianapolis, Indiana, because GEO controls the appointment of a majority of the School's Board of Directors and that economic interest is present due to a stipulation that any remaining funds upon the School's dissolution reverts to GEO, as well as GEO's guarantee of certain of the School's debt. See Note 8 to these financial statements for additional information.

Note 2 - Summary of significant accounting policies

A. 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 non-fiduciary activities of the School. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

B. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

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

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

The School reports the following major governmental fund:

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

C. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires School management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. Cash and investments and cash equivalents

Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

The School’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of six months or less from the date of acquisition

Investments for the School are reported at fair value.

E. Capital assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School as those with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: equipment, 3 to 7 years.

F. Fund equity

Beginning with fiscal year 2011 the School implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expenses or inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the School's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors. The School did not have any committed resources as of June 30, 2017.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the School's policy to use the most restrictive classification first.

G. Budgetary information

Formal budgetary integration is employed as a management control device during the year. Formal budgetary integration is also employed to comply with the State of Colorado Budget Law. The total fund expenditure amounts are the control for establishing what level of expenditures a fund can reach without exceeding appropriations.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. In accordance with the Colorado State Budget Law, the School's Board of Directors follows these procedures in establishing the budgetary data reflected in the financial statements:

- Management submits to the Board of Directors a proposed operating budget for each fund, based on their respective basis of accounting, for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them, but expenditures may not legally exceed appropriations at the fund level. Before June 30, the expenditures are appropriated for the ensuing year. The appropriation is at the total fund level and lapses at year-end.

The School amended its annual budget for the fiscal year ended June 30, 2017.

H. Income taxes

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The School's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Note 3 – Cash and investments

Cash is reflected on the June 30, 2017, statements of net position as follows:

Cash	$ 181,719

Cash at June 30, 2017, consists of the following:

Deposits with financial insitutions	$ 121,230
TABOR restricted cash reserve deposits	60,489
Total cash	$ 181,719

A. Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. At June 30, 2011, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2017, the School's cash deposits had a bank balance of $181,719 and a carrying balance of $181,719.

<u>Custodial credit risk - deposits</u>
Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School has no policy regarding custodial credit risk for deposits.

B. Investments

The School has not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The School had no investments at June 30, 2017.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

Note 4 – <u>Capital assets</u>

Changes in capital assets for the year ended June 30, 2017 are summarized as follows:

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Governmental Activities				
Capital assets, Being Depreciated:				
Equipment	$ 659,251	$ 57,989	$ 96,996	$ 620,244
Less Accumulated Depreciations:				
Equipment	624,239	29,874	96,996	$ 557,117
Capital assets, net	$ 35,012	$ 28,115	$ -	$ 63,127

Depreciation has been charged to the Instructional program for the School.

Note 5 – Accrued salaries and benefits

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine to ten months, The salaries and benefits earned, but unpaid, as of June 30, 2017, were $91,943. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

Note 6 – Long-term debt

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due in One Year
Loan Payable	793,542	169	8,539	785,172	50,000
	$ 793,542	$ 169	$ 8,539	$ 785,172	$ 50,000

Loan Payable

During 2011, the School entered into a loan agreement for the repayment of amounts previously owed to the GEO Foundation (GEO). Per the term of this agreement, the School has agreed to pay the Foundation a total of $793,542, at a rate of $50,000 per year, through June 2023. This loan does not bear interest. For the year ended June 30, 2017, GEO made a net advance of additional $169 and a payment of $8,539.

Future debt services requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	50,000	-	50,000
2019	50,000	-	50,000
2020	50,000	-	50,000
2021	50,000	-	50,000
2022	50,000	-	50,000
2023	535,172	-	535,172
Total	$ 785,172	$ -	$ 785,172

Note 7 – Net Position

The School reports net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of leases, bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

As of June 30, 2017, the School had net investment in capital assets of $(63,127).

Restricted net position is restricted for use either externally imposed by creditors, grantors contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2017, the School had restricted net position for emergencies of $87,400.

The School had unrestricted net position of ($5,223,768) as of June 30, 2017.

Note 8 – Agreement

Management agreement

The School entered into a management agreement with the Greater Educational Opportunities Foundation, Inc. (GEO), which is not-for-profit 501(c)(3) research and educational institution. The current agreement terminates June 30, 2015 at which time it automatically renews for a term equivalent to the term of the Charter Agreement, unless either party notifies the other within a 120 day period prior to the first day of the new school year of their attention not to renew the agreement. While the Board has contracted the daily operations of the School to GEO, the Board remains responsible for all budgetary and policy issues, in addition to holding GEO accountable for the administration, operation, and performance of the School in accordance with the School's contract with the Charter School Institute.

The agreement requires that the School pay GEO an administrative fee equal to the amount set forth and approved by the Board its annual budget. For the year ended June 30, 2017, the administrative fees charged to the School totaled $174,996.

Per the terms of the agreement, GEO shall maintain all bank accounts and shall process all vendor invoices and payroll checks for the School. Vendor invoices include, but are not limited to, curriculum materials, textbooks, furniture, computers, building payments and maintenance costs. If at the close of the month, the School's debts exceed its available cash, GEO shall loan the School an amount necessary to cover the amounts owed by the School.

Note 9 – Risk management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School purchases commercial insurance for these risks of loss.

Note 10 – Defined benefit pension plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on the life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve for the SCHDTF.

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

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

Contributions. Eligible employees and the School are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	4.50%	4.50%
Total Employer Contribution Rate to the SCHDTF[1]	18.13%	18.63%

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $216,285 for the year ended June 30, 2017.

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

At June 30, 2017, the School reported a liability of $7,805,186 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the School's proportion was .026215 percent, which was an increase of .000734 percent from its proportion measured as of December 31, 2015.

For the year June 30, 2016, Pikes Peak Prep recognized pension expense of $1,186,021. At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	97,577	69
Changes in assumptions or other inputs	2,532,620	35,197
Net difference between projected and actual earnings on pension plan investments	260,989	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	135,555	1,564
Contributions subsequent to the measurement date	106,353	-
Total	3,133,094	36,830

$106,353 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2018	$ 1,209,088
2019	1,197,547
2020	580,672
2021	2,604
Thereafter	2,989,911

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired prior 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and were effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired prior to 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

As of the November 18, 2016 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumption shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted).

When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the GASB Statement No. 67 projections test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	9,814,770	7,805,186	6,168,452

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

Note 11 – Postemployment healthcare benefits

Plan description. GEO, on behalf of the School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The School is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the Colorado Revised Statutes, as amended. For the years ending June 30, 2015, 2016 and 2017, the School's employer contribution to the HCTF were $19,277, $21,069, and $11,396 respectively, equal to their required contributions for each year.

Note 12 – Commitments and contingencies

Operating Lease

The School has entered into a non-cancellable operating lease for a building with the GEO Foundation Holdings Colorado, LLC. Required rent payments may be increased on an annual basis at a maximum rate of 7% per year. The term of the lease ended on July 15, 2013 and may be renewed with the written agreement of both parties. The parties agreed to extend the lease until September 30, 2017.

Total rent expense for the year ended June 30, 2017 for the lease was $338,850.

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Construction, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2017, the reserve of $87,400 was recorded as a restriction of fund balance in the General Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

PIKES PEAK PREP
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(Unaudited)

	12/31/2016	12/31/2015	12/31/2014
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY			
School's Proportion of the Net Pension Liability	0.0262148876%	0.025480487700%	0.0244359418%
School's Proportionate Share of the Net Pension Liability	$ 7,804,959	$ 3,897,061	$ 3,116,798
School's Covered-Employee Payroll	$ 1,170,738	$ 1,110,428	$ 1,023,689
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	666.67%	350.95%	304.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.1%	59.2%	62.8%

PIKES PEAK PREP
SCHEDULE OF SCHOOL CONTRIBUTIONS
(Unaudited)

	6/30/2017	6/30/2016	6/30/2015
SCHOOL CONTRIBUTIONS			
Statutorily Required Contribution	$ 216,285	$ 209,659	$ 191,825
Contributions in Relation to the Statutorily Required Contribution	216,285	209,659	191,825
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 1,177,226	$ 1,110,428	$ 1,021,059
Contributions as a Percentage of Covered-Employee Payroll	18.4%	18.9%	18.8%

These schedules are presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.