Montessori del Mundo

Financial Statements

June 30, 2018

Montessori del Mundo

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June 30, 2018

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Directors
Montessori del Mundo
Aurora, Colorado

We have audited the accompanying financial statements of the governmental activities and the major fund of Montessori del Mundo as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of Montessori del Mundo, as listed in the table of contents.

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

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

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

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

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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 the major fund of Montessori del Mundo as of June 30, 2018, 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.

Emphasis of Matter
As discussed in Note 8 to the financial statements, in the year ended June 30, 2018, Montessori del Mundo adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

Hinkle & Company, PC

Greenwood Village, Colorado
October 10, 2018

Montessori del Mundo
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2018

As management of Montessori del Mundo (MDM or the School), we offer readers of Montessori del Mundo's basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

The year ended June 30, 2018 is the fourth year of operations for MDM. As of June 30, 2018, net position decreased by $(1,654,322) to $(4,329,562). Montessori del Mundo's governmental fund reported an ending fund balance of $529,320, an increase of $177,327 from the prior year.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was $1,990,383.

Overview of Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the School's assets and liabilities, and deferred inflows and outflows, with the difference being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the School's authorizer (Colorado Charter School Institute). The governmental activities of MDM include instruction and supporting services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

The School maintains one governmental fund, and adopts an annually appropriated budget for the fund. A budgetary comparison schedule is included to demonstrate that spending did not exceed the budget.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the fiscal year ended June 30, 2018, MDM's net position was $(4,329,562). This position includes a net pension liability in the amount of $6,247,171, 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) 68. The School's net position also includes a net OPEB (Other Postemployment Benefit) liability in the amount of $142,096, 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 requirement by GASB 75. This standard was made effective July 1, 2017 and resulted in a restated net position for June 30, 2017. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the School's total net position, $51,481 is invested in capital assets, $5,225 is restricted for capital outlay, and $83,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Montessori del Mundo's Net Position

	2017-2018	2016-2017
ASSETS		
Cash	$ 630,854	$ 373,434
Restricted Cash	5,225	5,225
Accounts Receivable	21,090	26,411
Grants Receivable	17,624	51,945
Prepaid Expenses	48,500	5,608
Deposits	10,000	10,000
Capital Assets, Net of Accumulated Depreciation	310,920	355,035
TOTAL ASSETS	1,044,213	827,658
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	2,188,968	3,458,023
OPEB, Net of Accumulated Amortization	6,595	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,195,563	3,458,023
LIABILITIES		
Accounts Payable	40,548	19,103
Accrued Liabilities	37,132	34,073
Accrued Salaries and Benefits	83,282	67,454
Unearned Revenues	43,011	-
Noncurrent Liabilities		
Due within One Year	24,412	22,766
Due in More Than One Year	235,027	259,439
Net Pension Liability	6,247,171	6,382,141
Net OPEB Liability	142,096	-
TOTAL LIABILITIES	6,852,679	6,784,976
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	700,734	23,452
OPEB, Net of Accumulated Amortization	15,925	-
TOTAL DEFERRED INFLOWS OF RESOURCES	716,659	23,452
NET POSITION		
Investment in Capital Assets	51,481	72,830
Restricted for Capital Outlay	5,225	5,225
Restricted for Emergencies	83,000	69,000
Unrestricted	(4,469,268)	(2,669,802)
TOTAL NET POSITION	$ (4,329,562)	$ (2,522,747) *

*Restated to $(2,675,240) to reflect the cumulative effect of adopting GASB 75.

Montessori del Mundo's Change in Net Position

	2017-2018	2016-2017
REVENUES		
Per Pupil Revenue	$ 1,990,383	$ 1,760,004
Additional At-Risk and At-Risk Supplemental Funding	16,117	1,732
Capital Construction	66,723	63,361
Grants and Contributions not Restricted to Specific Programs	42,033	8,930
Charges for Services	214,009	136,470
Operating Grants and Contributions	347,227	343,416
Other	12,904	93,450
TOTAL REVENUE	2,689,396	2,407,363
EXPENSES		
Instruction	2,695,761	2,652,399
Support Services	1,628,924	1,528,282
Interest on Long-Term Debt	19,033	17,038
TOTAL EXPENSES	4,343,718	4,197,719
CHANGE IN NET POSITION	(1,654,322)	(1,790,356)
NET POSITION, Beginning	(2,675,240)	(732,391)
NET POSITION, Ending	$ (4,329,562)	$ (2,522,747) *

*Restated to $(2,675,240) to reflect the cumulative effect of adopting GASB 75.

Financial Analysis of the Government's Fund

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of $529,320, an increase of $177,327 from the prior year.

General Fund Budgetary Highlights

MDM recognized $33,972 more revenue than expected and spent $298,955 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Overall, revenue and expenses were fine-tuned to account for changes to student enrollment and actual staffing and benefit offerings.

Capital Assets & Long-Term Debt

The School has invested in capital assets for leasehold improvements to the School's education facility. More information regarding capital assets may be found in Note 3 to the financial statements. Amortization expense for the leasehold improvements is booked under the Supporting Services program of the School's operations.

The School has long-term debt in the form of a loan through the Charter Schools Development Corporation (CSDC). The proceeds of the loan were used for improvements to the School's educational facility. More information regarding long-term debt may be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Montessori del Mundo is student enrollment. Enrollment for the 2017-2018 school year was 252.96 funded students. Enrollment projected for 2018-2019 is 262.12 funded students. This factor was considered when preparing MDM's budget for 2018-2019.

Requests for Information

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

Montessori del Mundo
15503 E Mississippi Avenue
Aurora, CO 80017

Basic Financial Statements

Montessori del Mundo
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash	$ 630,854
Restricted Cash	5,225
Accounts Receivable	21,090
Grants Receivable	17,624
Prepaid Expenses	48,500
Deposits	10,000
Capital Assets*, Net of Accumulated Amortization*	310,920
Total Assets	1,044,213
Deferred Outflows of Resources	
Pensions*, Net of Accumulated Amortization*	2,188,968
OPEB, *Net of Accumulated Amortization*	6,595
Total Deferred Outflows of Resources	2,195,563
Liabilities	
Accounts Payable	40,548
Accrued Liabilities	37,132
Accrued Salaries and Benefits	83,282
Unearned Revenues	43,011
Noncurrent Liabilities	
Due Within One Year	24,412
Due in More Than One Year	235,027
Net Pension Liability	6,247,171
Net OPEB Liability	142,096
Total Liabilities	6,852,679
Deferred Inflows of Resources	
Pensions*, Net of Accumulated Amortization*	700,734
OPEB, *Net of Accumulated Amortization*	15,925
Total Deferred Inflows of Resources	716,659
Net Position	
Net Investment in Capital Assets	51,481
Restricted for	
Capital Outlay	5,225
Emergencies	83,000
Unrestricted	(4,469,268)
Total Net Position	$ (4,329,562)

See Notes to Financial Statements.

Montessori del Mundo

Statement of Activities

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Primary Government				
Governmental Activities				
Instruction	$ 2,695,761	$ 213,422	$ 229,630	$ (2,252,709)
Supporting Services	1,628,924	587	117,597	(1,510,740)
Interest on Long-Term Debt	19,033	-	-	(19,033)
Total Primary Government	$ 4,343,718	$ 214,009	$ 347,227	(3,782,482)
General Revenues				
Per Pupil Revenue				1,990,383
Supplemental At-Risk Aid				14,227
Additional At-Risk Funding				1,890
Capital Construction				66,723
Grants and Contributions not Restricted to Specific Programs				42,033
Other				12,904
Total General Revenues				2,128,160
Change in Net Position				(1,654,322)
Net Position, *Beginning of year*				(2,675,240)
Net Position, *End of year*				$ (4,329,562)

Montessori del Mundo

Balance Sheet
Governmental Fund
June 30, 2018

	General
Assets	
Cash	$ 630,854
Restricted Cash	5,225
Accounts Receivable	21,090
Grants Receivable	17,624
Prepaid Expenditures	48,500
Deposits	10,000
Total Assets	$ 733,293
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	$ 40,548
Accrued Liabilities	37,132
Accrued Salaries and Benefits	83,282
Unearned Revenues	43,011
Total Liabilities	203,973
Fund Balance	
Nonspendable	
Prepaid Expenditures	48,500
Deposits	10,000
Restricted for Emergencies	83,000
Unrestricted, Unassigned	387,820
Total Fund Balance	529,320
Total Liabilities and Fund Balance	$ 733,293

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

Total Fund Balance of the Governmental Fund	$ 529,320
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	310,920
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Loan payable	(259,439)
Net pension liability	(6,247,171)
Pension-related deferred outflows of resources	2,188,968
Pension-related deferred inflows of resources	(700,734)
Net OPEB liability	(142,096)
OPEB-related deferred outflows of resources	6,595
OPEB-related deferred inflows of resources	(15,925)
Total Net Position of Governmental Activities	$ (4,329,562)

See Notes to Financial Statements.

Montessori del Mundo

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2018

	General
Revenues	
Local Sources	$ 2,294,329
State Sources	258,883
Federal Sources	136,184
Total Revenues	2,689,396
Expenditures	
Instruction	1,335,666
Supporting Services	1,134,604
Debt Service	
Principal	22,766
Interest	19,033
Total Expenditures	2,512,069
Net Change in Fund Balance	177,327
Fund Balance, *Beginning of year*	351,993
Fund Balance, *End of year*	$ 529,320

See Notes to Financial Statements.

Montessori del Mundo

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Change in Fund Balance of the Governmental Fund	$	177,327
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense.		
Amortization expense		(44,115)
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		22,766
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 changes in the following:		
Net pension liability		134,970
Pension-related deferred outflows of resources		(1,269,055)
Pension-related deferred inflows of resources		(677,282)
Net OPEB liability		15,875
OPEB-related deferred outflows of resources		1,117
OPEB-related deferred inflows of resources		(15,925)
Change in Net Position of Governmental Activities	$	(1,654,322)

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. On January 15, 2013, the School entered into a contract with the Colorado Charter School Institute (the Institute) to authorize the School for an initial term of five years, through June 30, 2019. 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 more significant 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 (the Corporation) within its reporting entity. The Corporation is a non-profit entity organized for the exclusive purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with the property leased to the School. The Corporation has no financial balances or transactions outside of those reported by the School, and therefore, is not reported separately in the financial statements. The Corporation 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 normally 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 others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as *general revenues*.

Major individual funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

<u>Measurement Focus, Basis of Accounting, and Financial Statement Presentation</u>

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. For this purpose, the School considers revenues to be available if they are collected within 60 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 cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The School reports the following major governmental fund:

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

<u>Assets, Liabilities and Net Position/Fund Balance</u>

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

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

Deposits - The School has provided a security deposit for an operating lease (See Note 7).

Capital Assets - Capital 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Capital assets are amortized or depreciated using the straight-line method over the life of the related lease agreement or the estimated useful lives, as follows:

Leasehold Improvements	10 years

Accrued Salaries and Benefits - Salaries and 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, are reported as a liability of the General Fund.

Unearned Revenues - Unearned revenues include grants received before eligibility requirements established by the provider have been met.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as current expenses or expenditures.

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

The 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.

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 carries commercial insurance for these risks of loss.

Note 2: Cash and Investments

The School's cash at June 30, 2018, consisted of the following.

Bank Deposits	$	630,854
Cash Held by Third Parties		5,225
Total	$	636,079

Cash is reported in the financial statements as follows.

Cash	$	630,854
Restricted Cash		5,225
Total	$	636,079

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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, 2018, the School had bank deposits of $392,024 collateralized with securities held by the financial institution's agent but not in the School's name.

Note 2: Cash and Investments (Continued)

<u>Investments</u>

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.

- 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

Interest Rate Risk - State statutes generally limit the maturity of investment securities to 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 certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do no limit the amount the School may invest in a single issuer, except for corporate securities.

The School has no investments at June 30, 2018.

<u>Restricted Cash</u>

At June 30, 2018, the Charter Schools Development Corporation held School deposits of $5,225, which are restricted for capital outlay as specified by the related loan agreement (See Note 4).

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2018, is summarized below.

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Governmental Activities				
Capital Assets, *Being Amortized*				
Leasehold Improvements	$ 405,500	$ -	$ -	$ 405,500
Accumulated Amortization	(50,465)	(44,115)	-	(94,580)
Total Capital Assets, *Being Amortized*	$ 355,035	$ (44,115)	$ -	$ 310,920

Amortization expense was charged to the supporting services program.

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2018:

	Balance 6/30/17	Additions	Payments	Balance 6/30/18	Due Within One Year
Governmental Activities					
CSDC Loan	$ 282,205	$ -	$ (22,766)	$ 259,439	$ 24,412

In November 2015, the Corporation entered into a loan agreement with the Charter Schools Development Corporation (CSDC) in the amount of $300,000. Loan proceeds were used for improvements to the School's facilities. In addition, the School deposited $112,927 with CSDC to supplement the project. The loan bears interest at 7% per annum. Monthly principal and interest payments of $3,483 commenced on September 30, 2016, with the final payment due at maturity on August 31, 2026.

Future debt service requirements for the loan are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 24,412	$ 17,387	$ 41,799
2020	26,176	15,623	41,799
2021	28,069	13,730	41,799
2022	30,098	11,701	41,799
2023	32,273	9,526	41,799
2024 - 2027	118,411	13,953	132,364
Total	$ 259,439	$ 81,920	$ 341,359

Note 5: 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) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the SDTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

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

Retirees may elect to withdraw their contributions upon termination of employment, and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met. Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

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

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

Note 5: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Contributions - The School and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The School's contribution rate for calendar years 2018 and 2017 was 20.15% and 19.65% of covered salaries, respectively. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). The School's contributions to the SDTF for the year ended June 30, 2018, were $207,957, equal to the required contributions.

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

At June 30, 2018, the School reported a net pension liability of $6,247,171, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017.

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, 2017, relative to the contributions of all participating employers. At December 31, 2017, the School's proportion was 0.0193192887%, which was a decrease of 0.0021160902% from its proportion measured at December 31, 2016.

During the 2018 legislative session, the State Legislature passed Senate Bill (SB) 18-200 with the goal of eliminating the unfunded pension liability of the SDTF within the next 30 years. The significant provisions of the legislation include increased age and service requirements to receive full retirement benefits, highest average salary calculated over five years rather than three years, changes to includable employee salaries, increased contributions from employees and employers, and an annual direct distribution from the State of Colorado. The School's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was $2,822,418.

For the year ended June 30, 2018, the School recognized pension expense of $1,802,838. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 5: Defined Benefit Pension Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 114,859	$ -
Changes of assumptions and other inputs	1,595,135	10,123
Net difference between projected and actual earnings on plan investments	-	245,332
Changes in proportion	367,885	445,279
Contributions subsequent to the measurement date	111,089	-
Total	$ 2,188,968	$ 700,734

School contributions subsequent to the measurement date of $111,089 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2019	$ 1,083,801
2020	456,265
2021	(70,626)
2022	(92,295)
Total	$ 1,377,145

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total pension liability using the following actuarial assumptions and other inputs.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate[1]	5.26%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	2.0%
Hired after 12/31/2006	ad hoc

[1] *The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 4.78%.*

Note 5: Defined Benefit Pension Plan (Continued)

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

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. 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 were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, which were effective on December 31, 2016. The significant changes affecting the plan included decreasing the investment rate of return assumption from 7.5% per year, compounded annually, net of investment expenses, to 7.25%, and updating mortality assumptions based on RP-2014 mortality tables.

The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

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

Note 5: Defined Benefit Pension Plan (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 4.78%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%.

Based on the assumptions described previously, the SDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate, defined as the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index, was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on plan investments was applied to all periods through 2041, and the municipal bond index rate was applied to periods after 2041 to develop the discount rate. On the measurement date of December 31, 2017, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.78%. The discount rate at the prior measurement date was 5.26%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 4.78%, as well as the School's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (3.78%) or one percentage point higher (5.78%) than the current rate, as follows:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	$ 7,891,240	$ 6,247,171	$ 4,907,443

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

Note 6: Postemployment Healthcare Benefits

General Information

Plan Description - All 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 (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

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. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the School's contributions to the School Division Trust Fund (SDTF) (See Note 5) is apportioned to the HCTF. No employee contributions are required. 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, 2018, was $9,358, 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, 2018, the School reported a net OPEB liability of $142,096, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017.

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, 2017, relative to the contributions of all participating employers. At December 31, 2017, the School's proportion was 0.0109338598%, which was a decrease of 0.0012502493% from its proportion measured at December 31, 2016.

Note 6: Postemployment Healthcare Benefits (Continued)

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

For the year ended June 30, 2018, the School recognized OPEB expense of $8,433. At June 30, 2018, 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	$ 672	$ -
Net difference between projected and actual earnings on plan investments	-	2,377
Changes in proportion	-	13,548
Contributions subsequent to the measurement date	5,923	-
Total	$ 6,595	$ 15,925

School contributions subsequent to the measurement date of $5,923 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,	
2019	$ (3,124)
2020	(3,124)
2021	(3,124)
2022	(3,124)
2023	(2,530)
2024	(227)
Total	$ (15,253)

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Note 6: Postemployment Healthcare Benefits (Continued)

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

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums: 3% for 2017, gradually rising to 4.25% in 2023	

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. 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 were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

The long-term expected rate of return on the HCTF investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously in Note 5.

Note 6: Postemployment Healthcare Benefits (Continued)

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net OPEB liability 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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 159,761	$ 142,096	$ 127,019

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the School's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the School's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 138,187	$ 142,096	$ 146,805

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

Note 7: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2018, significant amounts of related 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 the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2018, the reserve was reported as restricted fund balance in the General Fund, in the amount of $83,000.

Operating Lease

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 agreement was modified most recently on April 12, 2017, and requires monthly payments ranging from $17,999 to $22,909 per month, beginning on August 1, 2017, through July 31, 2026. During the year ended June 30, 2018, the School paid $215,054 under this agreement.

A security deposit of $10,000 was required by the lease agreement and is reported as a deposit in the financial statements. In addition, the lease agreement requires monthly common area maintenance payments. Beginning on August 1, 2017, the required monthly payments are $5,478. For the year ended June 30, 2018, the School paid $75,778 for maintenance of the common area.

Following is a schedule of future minimum lease payments required by the agreement.

Year Ended June 30,	Principal
2019	$ 222,899
2020	229,675
2021	236,565
2022	243,662
2023	250,972
2024 - 2027	821,909
Total	$ 2,005,682

Note 8: Change in Accounting Principle

For the year ended June 30, 2018, the School adopted the standards of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position of the governmental activities at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2017, were not available and have not been reported in the financial statements.

	Governmental Activities
Net Position, June 30, 2017, as Originally Stated	$ (2,522,747)
Deferred Outflows of Resources	5,478
Net OPEB Liability	(157,971)
Net Position, June 30, 2017, as Restated	$ (2,675,240)

Required Supplementary Information

Montessori del Mundo

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2018

	12/31/17	12/31/16	12/31/15	12/31/14
Proportionate Share of the Net Pension Liability				
School's Proportion of the Net Pension Liability	0.0193192887%	0.0214353789%	0.0174418183%	0.0128620403%
School's Proportionate Share of the Net Pension Liability	$ 6,247,171	$ 6,382,141	$ 2,667,603	$ 1,743,238
School's Covered Payroll	$ 887,661	$ 962,057	$ 760,109	$ 269,413
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	704%	663%	351%	647%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%

	6/30/18	6/30/17	6/30/16	6/30/15
School Contributions				
Statutorily Required Contribution	$ 174,138	$ 178,376	$ 157,389	$ 104,555
Contributions in Relation to the Statutorily Required Contribution	(174,138)	(178,376)	(157,389)	(104,555)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 917,451	$ 970,564	$ 886,307	$ 617,307
Contributions as a Percentage of Covered Payroll	18.98%	18.38%	17.76%	16.94%

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

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, 2018

	12/31/17
Proportionate Share of the Net OPEB Liability	
School's Proportion of the Net OPEB Liability	0.0109338598%
School's Proportionate Share of the Net OPEB Liability	$ 142,096
School's Covered-Employee Payroll	$ 1,201,200
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered-Employee Payroll	12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18%

	6/30/18
School Contributions	
Statutorily Required Contribution	$ 9,358
Contributions in Relation to the Statutorily Required Contribution	(9,358)
Contribution Deficiency (Excess)	$ -
School's Covered-Employee Payroll	$ 1,256,670
Contributions as a Percentage of Covered-Employee Payroll	0.74%

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

Montessori del Mundo
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 2,054,836	$ 1,988,174	$ 1,990,383	$ 2,209
Tuition and Fees	181,530	162,737	214,009	51,272
Grants	120,000	120,000	35,000	(85,000)
Contributions	1,000	1,000	42,033	41,033
Other	-	16,713	12,904	(3,809)
Total Local Sources	2,357,366	2,288,624	2,294,329	5,705
State Sources				
Supplemental At-Risk Aid	-	-	14,227	14,227
Additional At-Risk Funding	1,319	-	1,890	1,890
Capital Construction	49,120	51,740	66,723	14,983
Grants	106,966	180,101	176,043	(4,058)
Total State Sources	157,405	231,841	258,883	27,042
Federal Sources				
Grants	101,524	134,959	136,184	1,225
Total Revenues	2,616,295	2,655,424	2,689,396	33,972
Expenditures				
Salaries	1,232,987	1,279,843	1,263,931	15,912
Employee Benefits	368,243	404,092	318,609	85,483
Purchased Services	803,463	899,961	742,956	157,005
Supplies	75,625	76,150	109,336	(33,186)
Property	58,241	73,241	31,502	41,739
Other	35,729	35,729	3,936	31,793
Debt Service	42,008	42,008	41,799	209
Contingency	75,442	-	-	-
Total Expenditures	2,691,738	2,811,024	2,512,069	298,955
Net Change in Fund Balance	(75,443)	(155,600)	177,327	332,927
Fund Balance, *Beginning of year*	171,670	351,992	351,993	1
Fund Balance, *End of year*	$ 96,227	$ 196,392	$ 529,320	$ 332,928

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2018, the total pension liability was determined by an actuarial valuation as of December 31, 2016. The following revised economic and demographic assumptions were effective as of December 31, 2016.

- Investment rate of return assumption decreased from 7.5% per year, compounded annually, net of investment expenses, to 7.25%.
- Price inflation assumption decreased from 2.8% per year to 2.4%.
- Real rate of investment return assumption increased from 4.7% per year, net of investment expenses, to 4.85%.
- Wage inflation assumption decreased from 3.9% per year to 3.5%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables, updated from the RP-2000 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Budgets are required by State statues for all funds and are adopted 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.
- Prior to June 30, the budget is adopted by the Board of Directors.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All appropriations lapse at fiscal year-end.