GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2020

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JUNE 30, 2020

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Girls Athletic Leadership Schools Denver

We have audited the accompanying financial statements of the governmental activities and each major fund of Girls Athletic Leadership Schools Denver, a component unit of Denver Public Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Girls Athletic Leadership Schools Denver' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Girls Athletic Leadership Schools Denver, as of June 30, 2020, 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.

31 East Platte Avenue, Suite 300 • Colorado Springs, CO 80903 • (719) 630-1091 • Fax (719) 630-0522 • www.hoeltingco.com

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Girls Athletic Leadership Schools Denver' basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
October 30, 2020

Girls Athletic Leadership Schools Denver
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2020

As management of Girls Athletic Leadership Schools Denver (GALS or the School), we offer readers of Girls Athletic Leadership Schools Denver's basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

As of June 30, 2020, net position decreased by $(86,453) to $(1,911,948). Girls Athletic Leadership Schools Denver's governmental fund reported an ending fund balance of $1,560,780, an increase of $687,458 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 $4,806,367.

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 (Denver Public Schools). The governmental activities of GALS 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, 2020, GALS's net position was $(1,911,948). This position includes a net pension liability in the amount of $2,441,786, representing the School's proportionate share of the Denver Public Schools Division 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 Post-Employment Benefits) liability in the amount of $197,021, 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. 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, $33,593 is invested in capital assets, $841,700 is restricted for a multi-year agreement, and $203,379 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Girls Athletic Leadership Schools Denver's Net Position

	2019-2020	2018-2019
ASSETS		
Cash and Investments	$ 1,593,986	$ 793,681
Accounts Receivable	-	93,325
Other Receivables	194,867	-
Grants Receivable	477,247	5,000
Prepaid Expenses	-	48,429
Capital Assets, Net of Accumulated Depreciation	33,593	40,152
TOTAL ASSETS	2,299,693	980,587
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	872,063	1,780,501
OPEB, Net of Accumulated Amortization	91,854	93,874
TOTAL DEFERRED OUTFLOWS OF RESOURCES	963,917	1,874,375
LIABILITIES		
Accounts Payable and Other Accrued Liabilities	109,951	34,626
Accrued Salaries and Benefits	228,342	211,755
Unearned Revenue	367,027	15,080
Noncurrent Liabilities		
Due within One Year	419,272	-
Due in More than One Year	422,428	-
Net Pension Liability	2,441,786	3,323,157
Net OPEB Liability	197,021	222,772
TOTAL LIABILITIES	4,185,827	3,807,390
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	947,874	1,041,569
OPEB, Net of Accumulated Amortization	41,857	25,846
TOTAL DEFERRED INFLOWS OF RESOURCES	989,731	1,067,415
NET POSITION		
Net Investment in Capital Assets	33,593	-
Restricted for Multi-Year Obligations	841,700	-
Restricted for Emergencies	203,379	220,000
Unrestricted	(2,990,620)	(2,239,843)
TOTAL NET POSITION	$ (1,911,948)	$ (2,019,843)

Girls Athletic Leadership Schools Denver's Change in Net Position

	2019-2020	2018-2019
REVENUES		
Per Pupil Revenue	$ 4,806,367	$ 4,989,755
Additional At-Risk Funding	-	4,015
Mill Levy Override	870,997	833,886
Contributions not Restricted to Specific Programs	560,052	444,251
District Services - Center Program	291,106	-
Charges for Services	132,524	170,868
Operating Grants and Contributions	184,780	512,764
Capital Grants and Contributions	98,573	106,743
Investment Income	6,974	3,771
Other	9,470	202,547
TOTAL REVENUE	6,960,843	7,268,600
EXPENSES		
Instruction	3,928,436	5,073,152
Supporting Services	3,118,860	2,231,126
TOTAL EXPENSES	7,047,296	7,304,278
CHANGE IN NET POSITION	(86,453)	(35,678)
NET POSITION, Beginning, Restated	(1,825,495)	(1,984,165)
NET POSITION, Ending	$ (1,911,948)	$ (2,019,843)

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 $1,560,780, an increase of $687,458 from the prior year. This includes activity from GALS Middle School, GALS High School, and the Boys School of Denver. By a vote of the School's board of directors, The Boys School of Denver was closed effective June 30, 2020. For school-level financial statements, see the supplemental schedules on pages 40 and 41.

General Fund Budgetary Highlights

GALS recognized $515,091 less revenue than expected and spent $360,849 less than planned, when compared to the final budget. For more information about the budget variances at each school, see the supplemental schedules on pages 42 through 44.

Capital Assets & Long-Term Debt

The School has invested in capital assets for equipment in support of the School's educational program. More information regarding capital assets may be found in Note 4 to the financial statements. Depreciation expenses for capital assets are booked under the Instruction program of the School’s operations.

The School has long-term debt in the form of a Paycheck Protection Program (PPP) loan through the U.S. Small Business Administration (SBA). The School will apply for PPP loan forgiveness in FY 2020-2021. More information regarding long-term debt may be found in Note 5 to the financial statements.

Economic Factors and Next Year’s Budget

The primary factor driving the budget for Girls Athletic Leadership Schools Denver is student enrollment. Enrollment for the 2019-2020 school year was 567.00 funded students. Enrollment projected for 2020-2021 is 386.00 funded students. The projected decline in enrollment is the result of the Boys School of Denver closure. Enrollment was considered when preparing GALS’s budget for 2020-2021.

Requests for Information

This financial report is designed to provide a general overview of Girls Athletic Leadership Schools Denver’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:

Girls Athletic Leadership Schools Denver
750 Galapago St
Denver, CO 80204

BASIC FINANCIAL STATEMENTS

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and investments	$ 1,593,986
Other receivables	194,867
Grants receivables	477,247
Capital assets, net of accumulated depreciation	33,593
Total Assets	2,299,693
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	872,063
Deferred OPEB outflows	91,854
Total Deferred Outflows of Resources	963,917
LIABILITIES	
Accounts payable and other accrued liabilities	109,951
Accrued salaries and benefits	228,342
Unearned revenue	367,027
Long-term liabilities	
Due within one year	419,272
Due in more than one year	422,428
Net pension liability	2,441,786
Net OPEB liability	197,021
Total Liabilities	4,185,827
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	947,874
Deferred OPEB inflows	41,857
Total Deferred Inflows of Resources	989,731
NET POSITION	
Net investment in capital assets	33,593
Restricted for:	
Multi-year obligations	841,700
Emergencies	203,379
Unrestricted	(2,990,620)
Total Net Position (deficit)	$ (1,911,948)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 3,928,436	$ 132,524	$ 163,127	$ -	$ (3,632,785)
Supporting services	3,118,860	-	21,653	98,573	(2,998,634)
Total governmental activities	7,047,296	132,524	184,780	98,573	(6,631,419)
	General revenues:				
	Per pupil revenue				4,806,367
	Mill levy override				870,997
	Grants and contributions not restricted to specific programs				560,052
	District services - center program				291,106
	Unrestricted investment earnings				6,974
	Miscellaneous				9,470
	Total general revenues				6,544,966
	Change in net position				(86,453)
	Net position - beginning, as restated (deficit)				(1,825,495)
	Net position - ending (deficit)				$ (1,911,948)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund
ASSETS	
Cash and investments	$ 1,593,986
Other receivables	194,867
Grant receivables	477,247
Total Assets	2,266,100
LIABILITIES	
Accounts payable and other accrued liabilities	$ 109,951
Accrued salaries and benefits	228,342
Unearned revenue	367,027
Total Liabilities	705,320
FUND BALANCE	
Restricted for:	
Multi-year obligations	841,700
Emergencies	203,379
Unassigned	515,701
Total Fund Balance	1,560,780
Total Liabilities and Fund Balance	$ 2,266,100

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds		$ 1,560,780
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated	$ -	
Capital assets, net of accumulated depreciation	33,593	33,593
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Loan payable	$ (841,700)	
Net pension liability	(2,441,786)	
Pension outflows	872,063	
Pension inflows	(947,874)	
Net OPEB liability	(197,021)	
OPEB outflows	91,854	
OPEB inflows	(41,857)	(3,506,321)
Total Net Position of Governmental Activities		$ (1,911,948)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund
REVENUES	
Local sources	$ 1,871,123
State sources	5,103,536
Federal sources	88,886
Total revenues	7,063,545
EXPENDITURES	
Instruction	4,041,856
Supporting services	3,175,931
Total expenditures	7,217,787
Excess (deficiency) of revenues over expenditures	(154,242)
OTHER FINANCING SOURCES (USES)	
Proceeds from long-term debt	841,700
Net change in fund balance	687,458
Fund balance, beginning, as restated	873,322
Fund balance, ending	$ 1,560,780

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
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, 2020

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds		$ 687,458
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation expense		(6,559)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Issuance of debt		(841,700)
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 the governmental funds.		
Pension expenses	$ 66,628	
OPEB expenses	7,720	74,348
Change in Net Position of Governmental Activities		$ (86,453)

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Girls Athletic Leadership Schools Denver (the School) was organized pursuant to the Colorado Charter Schools Act, to form and operate a charter school within Denver Public Schools (the District) in the State of Colorado. The Middle School began classes in the 2010-2011 school year and the High School began classes in the 2014-2015 school year.

The School also operated The Boys School of Denver as a component unit of the District from July 1, 2017 to June 30, 2020. In February of 2020, the School's board of directors voted unanimously to close The Boys School of Denver effective June 30, 2020.

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.

A. REPORTING ENTITY

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any 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 provides benefits to, or imposes financial burdens on, the School.

Based upon the application of these criteria, there are no organizations that should be included in the School's reporting entity.

The School is a component unit of the District. The School's charter was authorized by the District and the majority of the School's funding is provided by the District.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by per pupil revenue and intergovernmental revenues.

C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS (CONTINUED)

The School reports the following major governmental fund:

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flows. Grants and similar items are recognized as revenue in the fiscal year in which 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 period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government 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 and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues 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. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Receivables

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

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets, which includes equipment, is reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets or remaining period of the lease, as applicable.

Capital assets are depreciated using the straight-line method over the following estimated useful life:

Equipment	5 years

Accrued Salaries and Benefits

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

Unearned Revenue

Unearned revenue includes resources received by the School before it has a legal claim to them, including student fees and grants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

Health Care Trust Fund

Girls Athletic Leadership Schools Denver participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Long-term debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net position flow assumption

The School may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Fund balance classification (continued)

Assigned – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all per pupil revenue.

Compensated absences

Employees of the School are allowed to accumulate unused personal and sick leave to a maximum of 88 hours. The School does not reimburse or otherwise compensate terminated employees for any unused personal and sick leave. Therefore, no liability is reported in the financial statements for theses compensated absences.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. Management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

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.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. The variances between budget and actual may result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances. The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk—deposits. Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits might not be recovered. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School's deposits at June 30, 2020 was $1,593,986 and the bank balances were $1,585,951. Of the bank balances, $250,000 was covered by federal deposit insurance and $1,335,951 was uninsured but collateralized in accordance with the provisions of the PDPA. The collateral is pooled and held in trust for all uninsured deposits as a group.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The School is authorized by Colorado statutes to invest in the following:

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

The School had no investments at June 30, 2020.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Equipment	$ 56,677	$ -	$ -	$ 56,677
Less accumulated depreciation	(16,525)	(6,559)	-	(23,084)
Governmental activities capital assets, net	$ 40,152	$ (6,559)	$ -	$ 33,593

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Instruction	$ 6,559

NOTE 5 – LONG-TERM DEBT

2020 Paycheck Protection Loan

On April 14, 2020, the School obtained a loan under the SBA Paycheck Protection Program in the amount of $841,700 to fund salaries, benefits, and certain operating expenses. Principal and interest are paid monthly, at an interest rate of 1%, with payments deferred for 6 months after initial loan disbursement. Final maturity is April 14, 2022. The School may apply for loan forgiveness following a covered period for use of the funds.

Annual debt service requirements to maturity for the loan payable are as follows:

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2021	$ 419,272	$ 9,126
2022	422,428	1,762
Total	$ 841,700	$ 10,888

The changes in long-term debt for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
PPP loan	$ -	$ 841,700	$ -	$ 841,700	$ 419,272

NOTE 6 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits provided as of December 31, 2019. 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 Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the DPS Division. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2020: Eligible employees of, Girls Athletic Leadership Schools Denver, and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020
Employer contribution rate	10.40%	10.40%
Amount of employer contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP offset as specified in C.R.S. § 24-51-412[1]	(13.60%)	(12.25%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the DPS Division	**5.78%**	**7.13%**

[1] To conform with this presentation of contribution rates, the 2019 and 2020 annual PCOP offsets of 13.48 percent and 12.50 percent, respectively, have been adjusted based on the portion of the PCOP offset used to satisfy employer contribution requirements.

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. A portion of the direct distribution allocated to the DPS Division is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the DPS Division's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, $225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the Girls Athletic Leadership Schools Denver is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from Girls Athletic Leadership Schools Denver were $252,237 for the year ended June 30, 2020.

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

The net pension liability for the DPS Division was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The Girls Athletic Leadership Schools Denver proportion of the net pension liability was based on Girls Athletic Leadership Schools Denver contributions to the DPS Division for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the Girls Athletic Leadership Schools Denver reported a liability of $2,441,786 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Girls Athletic Leadership Schools Denver as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Girls Athletic Leadership Schools Denver were as follows:

Girls Athletic Leadership Schools Denver proportionate share of the net pension liability	$ 2,441,786
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Girls Athletic Leadership Schools Denver	$ 1,082,148
Total	$ 3,523,934

At December 31, 2019, the Girls Athletic Leadership Schools Denver proportion was 0.3706167673 percent, which was an increase of 0.0457410242 from its proportion measured as of December 31, 2018.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the Girls Athletic Leadership Schools Denver recognized pension expense of $66,628 and revenue of $84,961 for support from the State as a nonemployer contributing entity. At June 30, 2020, the Girls Athletic Leadership Schools Denver 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	$ 377,447	$ 1,434
Changes of assumptions or other inputs	103,702	841
Net difference between projected and actual earnings on OPEB plan investments	-	891,222
Changes in proportion and differences between contributions recognized and proportionate share of contributions	254,583	54,377
Contributions subsequent to the measurement date	136,331	N/A
Total	$ 872,063	$ 947,874

$136,331 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	$ 15,934
2022	(58,334)
2023	104,754
2024	(274,496)
2025	-
Thereafter	-

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)[1]	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)[1]	Financed by the Annual Increase Reserve

[1] For 2019, the annual increase was 0.00 percent.

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.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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 for the DPS Division Trust Fund are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.

- As specified in law, the State provides an annual direct distribution of $225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Sensitivity of the Girls Athletic Leadership Schools Denver proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$4,331,394	$2,441,786	$869,971

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Plan description. Eligible employees of the Girls Athletic Leadership Schools Denver are provided with OPEB through the DPS HCTF—a single-employer defined benefit OPEB plan administered by PERA. The DPS HCTF is established under Title 24, Article 51,Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The DPS HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the Heath Care Trust Fund (HCTF) and the DPS HCTF. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02 percent of PERA-includable salary into the DPS HCTF.

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the Girls Athletic Leadership Schools Denver is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from Girls Athletic Leadership Schools Denver were $39,957 for the year ended June 30, 2020.

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

At June 30, 2020, the Girls Athletic Leadership Schools Denver reported a liability of $197,021 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Girls Athletic Leadership Schools Denver proportion of the net OPEB liability was based on Girls Athletic Leadership Schools Denver contributions to the DPS HCTF for the calendar year 2019 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2019, the Girls Athletic Leadership Schools Denver proportion was 0.5348463606 percent, which was an increase of 0.0416602253 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Girls Athletic Leadership Schools Denver recognized OPEB expense of $7,720. At June 30, 2020, the Girls Athletic Leadership Schools Denver reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 31,144
Changes of assumptions or other inputs	16	-
Net difference between projected and actual earnings on OPEB plan investments	-	8,713
Changes in proportion and differences between contributions recognized and proportionate share of contributions	72,335	-
Contributions subsequent to the measurement date	19,503	N/A
Total	$ 91,854	$ 41,857

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

$19,503 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	$ 8,698
2022	8,693
2023	10,790
2024	7,993
2025	(2,534)
Thereafter	(3,146)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$601	$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is $437 per month.

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

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$562
Kaiser Permanente Medicare Advantage HMO	571

All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for the DPS Division as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

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

Post-retirement non-disabled mortality assumptions for the DPS Division were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard aging factors.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 percent.

Sensitivity of the Girls Athletic Leadership Schools Denver proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$196,979	$197,021	$197,064

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Sensitivity of the Girls Athletic Leadership Schools Denver proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$232,893	$197,021	$166,401

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

NOTE 8 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School purchases commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Lease Commitment

The School has entered into multiple operating lease agreements for school facilities. During the year ended June 30, 2020, the School paid base rents of $386,638 under this agreement. For the year ended June 30, 2021, the School is required to pay base rents of $342,096.

Claims and Judgements

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, 2020, significant amounts of related 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.

Closure of The Boys School of Denver

In February of 2020, the GALS Denver board of directors voted unanimously to close The Boys School of Denver after the 2019-2020 school year. This difficult decision came after years of studying data related to academic performance, enrollment numbers and trends, and facility availability.

NOTE 10 – COMPLIANCE

The School has complied with the requirements of the Financial Policies and Procedures Handbook for the 2020 audit period as required by Colorado Statute CRS 22-44-204(3).

NOTE 11 – RELATED PARTY TRANSACTIONS

The School was originally founded by GALS, Inc., a Rhode Island private nonprofit, and 501(c)(3) tax-exempt organization. GALS, Inc. was formed in 2008 and the School's original charter with Denver Public Schools was approved in 2009. The School and GALS, Inc. have worked cooperatively to create and foster a mutually supportive network of schools across the United States. The School entered into a variety of related party transactions with GALS, Inc. from 2009 through June 30, 2017 without executing contractual agreements.

Effective July 1, 2018, the School and GALS, Inc. entered into the following agreements in order to clarify the relationship between the entities:

License and Affiliation Agreement. Under the terms of this agreement, the School will pay an annual licensing fee to GALS, Inc. The fee is calculated as 2.5% of the School's Per Pupil Revenue, less mandatory fees charged by the District. In exchange for the fee, the School receives the right to use all intellectual property owned by GALS, Inc. The parties also agree to the following terms:

GALS, Inc. Board
*T*he School will appoint one member from its governance board to serve on the board of GALS, Inc.

School Governance
GALS, Inc. will appoint one member to the School governance board if there are eight or fewer members and two members if there are nine or more members.

School Leadership
*T*he School has agreed to work closely with GALS, Inc. on the selection, hiring, annual evaluation, and termination of its Executive Director.

Termination
Either party may terminate the agreement with 90 days' notice. GALS, inc. also has the right to terminate the agreement immediately if the School: (1) loses its non-profit status or ceases to operate as a school; (2) files a bankruptcy petition or otherwise becomes insolvent; or (3) the School is under the control of an Executive Director selected without the agreement of GALS, Inc.

Cooperative Grant Management Agreement. Under the terms of this agreement, the School agreed to become the employer of record for certain employees of GALS, Inc. for purposes of cooperatively managing certain private grants covering mutual activities. The School also included GALS, Inc. as an additional insured on its general liability insurance policies. In exchange for the School acting as the employer of record, GALS, Inc. agreed to reimburse the School for net payroll costs for the employees managing the cooperative grants. The cost of benefits for these employees was covered by GALS, Inc. in the form of a private grant made to the School during the 2019-2020 school year.

For the period ending June 30, 2020 the School incurred $61,927 in payroll costs on behalf of GALS Inc, paid fees of $60,422 to GALS Inc and received payments of $137,567 from GALS Inc. As of June 30, 2020, GALS Inc owes the School $102,816.

NOTE 12 - AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2020 there is a $203,379 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 13 – SUBSEQUENT EVENT

Effective October 20, 2020, the School and GALS, Inc. entered into the following agreements:

Intellectual Property License Agreement. Under the terms of this agreement, the School receives the right to use all intellectual property owned by GALS, Inc. The agreement states that GALS, Inc. owes the School a past-due amount of $105,483. GALS, Inc. agrees to pay the School $20,000 before November 30, 2020.

Affiliation Agreement. Under the terms of this agreement, the School will pay a $30,000 annual fee to GALS, Inc. in exchange for a variety of services, including training and development opportunities for School staff. The parties also agree to the following terms:

GALS, Inc. Board
The School will appoint one member from its governance board to serve on the board of GALS, Inc.

Insurance
The School will name GALS, Inc. as an additional insured under its general liability insurance policies.

Waiver of fees and settlement of debt
GALS, Inc. agreed to waive the annual fee until the School has been reimbursed for the $85,483 past due amount.

NOTE 14 – CORRECTION OF ERRORS

Fund balance as of June 30, 2019 has been restated for the correction of errors in the accounts receivable, accounts payable, payroll taxes payable, and deferred revenue balances due to recognizing the related party relationship disclosed in Note 11. The School had under-reported accounts receivable, accounts payable, and payroll taxes payable balances and over reported deferred revenue at June 30, 2019.

Restatements had the following impact on previously reported balances:

Net Position, June 30, 2019, as originally stated	$ (2,019,843)
Correction of an error	194,348
Net Position, June 30, 2019, as Restated (deficit)	$ (1,825,495)
Fund Balance, June 30, 2019, as originally stated	$ 678,974
Correction of an error	194,348
Fund Balance, June 30, 2019, as Restated	$ 873,322

REQUIRED SUPPLEMENTARY INFORMATION

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2020

	2019	2018	2017	2016	2015	2014	2013
School's proportion of the net pension liability (asset)	0.3706167673%	0.3248757431%	0.4548311784%	0.3324797245%	0.2541941319%	0.2311240136%	0.1636945430%
School's proportionate share of the net pension liability (asset)	$ 2,441,786	$ 3,323,157	$ 4,077,607	$ 3,642,222	$ 2,067,958	$ 1,443,531	$ 851,382
State's proportionate share of the net pension liability (asset) associated with the School	1,082,148	1,721,710	-	-	-	-	-
Total	$ 3,523,934	$ 5,044,867	$ 4,077,607	$ 3,642,222	$ 2,067,958	$ 1,443,531	$ 851,382
School's covered payroll	$ 4,009,283	$ 3,581,169	$ 2,866,930	$ 2,196,978	$ 1,832,262	$ 1,438,476	$ 892,566
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	60.90%	92.80%	142.23%	165.78%	112.86%	100.35%	95.39%
Plan fiduciary net position as a percentage of the total pension liability	84.7%	75.7%	79.5%	74.0%	79.3%	83.9%	86.3%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 252,237	$ 213,301	$ 144,872	$ 108,446	$ 55,672	$ 46,679	$ 47,804
Contributions in relation to the contractually required contribution	(252,237)	(213,301)	(144,872)	(108,446)	(55,672)	(46,679)	(47,804)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 3,917,373	$ 3,973,083	$ 3,210,962	$ 2,484,198	$ 1,832,262	$ 1,438,476	$ 984,459
Contributions as a percentage of covered payroll	6.44%	5.37%	4.51%	4.37%	3.04%	3.25%	4.86%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2020

	2019	2018	2017
School's proportion of the net OPEB liability (asset)	0.5348463606%	0.4931861353%	0.4536180542%
School's proportionate share of the net OPEB liability (asset)	$ 197,021	$ 222,772	$ 231,159
School's covered payroll	$ 4,009,283	$ 3,581,169	$ 2,866,930
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	4.91%	6.22%	8.06%
Plan fiduciary net position as a percentage of the total OPEB liability	47.0%	34.7%	30.4%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2020

	2020	2019	2018
Contractually required contribution	$ 39,957	$ 40,525	$ 32,752
Contributions in relation to the contractually required contribution	(39,957)	(40,525)	(32,752)
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered payroll	$ 3,917,373	$ 3,973,083	$ 3,210,962
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 1,764,774	$ 1,764,774	$ 1,871,123	$ 106,349
State sources	5,772,682	5,772,682	5,103,536	(669,146)
Federal sources	41,180	41,180	88,886	47,706
Total revenues	7,578,636	7,578,636	7,063,545	(515,091)
EXPENDITURES				
Salaries	4,092,519	4,092,519	4,121,512	(28,993)
Employee benefits	1,105,623	1,105,623	1,200,228	(94,605)
Purchased services	1,704,238	1,704,238	1,554,880	149,358
Supplies and materials	283,582	283,582	208,441	75,141
Property	76,756	76,756	17,706	59,050
Other	315,918	315,918	115,020	200,898
Total expenditures	7,578,636	7,578,636	7,217,787	360,849
Excess (deficiency) of revenues Over expenditures	-	-	(154,242)	154,242
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	841,700	(841,700)
Net change in fund balances	-	-	687,458	(687,458)
Fund balance, beginning, as restated	-	-	873,322	(873,322)
Fund balance, ending	$ -	$ -	$ 1,560,780	$ (8,484)

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2020

	Middle School	High School	Boys School	Total
ASSETS				
Cash and cash equivalents	$ 1,593,986	$ -	$ -	$ 1,593,986
Other receivables	194,867	-	-	194,867
Grant receivables	247,310	133,577	96,360	477,247
Due from other funds	312,780	112,102	(424,882)	-
Total Assets	2,348,943	245,679	(328,522)	2,266,100
LIABILITIES				
Accounts payable and other accrued liabilities	87,761	14,796	7,394	109,951
Accrued salaries and benefits	86,339	76,040	65,963	228,342
Unearned revenue	222,728	70,006	74,293	367,027
Total Liabilities	396,828	160,842	147,650	705,320
FUND BALANCE				
Restricted				
Multi-year obligations	841,700	-	-	841,700
Emergencies	104,092	54,487	44,800	203,379
Unassigned	1,006,323	30,350	(520,972)	515,701
Total Fund Balance	1,952,115	84,837	(476,172)	1,560,780
Total Liabilities and Fund Balance	$ 2,348,943	$ 245,679	$ (328,522)	$ 2,266,100

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Middle School	High School	Boys School	Total
REVENUES				
Local sources	$ 990,248	$ 603,872	$ 277,003	$ 1,871,123
State sources	2,631,037	1,229,426	1,243,073	5,103,536
Federal sources	27,145	28,069	33,672	88,886
Total revenues	3,648,430	1,861,367	1,553,748	7,063,545
EXPENDITURES				
Instruction	1,845,424	1,116,403	1,080,029	4,041,856
Supporting services	1,606,004	716,391	853,536	3,175,931
Total expenditures	3,451,428	1,832,794	1,933,565	7,217,787
Excess (deficiency) of revenues over expenditures	197,002	28,573	(379,817)	(154,242)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	841,700	-	-	841,700
Net change in fund balance	1,038,702	28,573	(379,817)	687,458
Fund balance, beginning, as restated	913,413	56,264	(96,355)	873,322
Fund balance, ending	$ 1,952,115	$ 84,837	$ (476,172)	$ 1,560,780

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - MIDDLE SCHOOL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ 582,944	$ 990,248	$ 407,304
State sources	2,868,417	2,631,037	(237,380)
Federal sources	18,498	27,145	8,647
Total revenues	3,469,859	3,648,430	178,571
EXPENDITURES			
Instruction	1,855,279	1,845,424	9,855
Support services	1,614,580	1,606,004	8,576
Total expenditures	3,469,859	3,451,428	18,431
Excess (deficiency) of revenues over expenditures	-	197,002	197,002
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	-	841,700	841,700
Net change in fund balance	-	1,038,702	1,038,702
Fund balance, beginning, as restated	-	913,413	-
Fund balance, ending	$ -	$ 1,952,115	$ 1,757,767

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ 581,076	$ 603,872	$ 22,796
State sources	1,315,360	1,229,426	(85,934)
Federal sources	8,416	28,069	19,653
Total revenues	1,904,852	1,861,367	(43,485)
EXPENDITURES			
Instruction	1,160,295	1,116,403	43,892
Support services	744,557	716,391	28,166
Total expenditures	1,904,852	1,832,794	72,058
Net change in fund balance	-	28,573	28,573
Fund balance, beginning	-	56,264	56,264
Fund balance, ending	$ -	$ 84,837	$ 84,837

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - BOYS SCHOOL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ 600,754	$ 277,003	$ (323,751)
State sources	1,588,905	1,243,073	(345,832)
Federal sources	14,266	33,672	19,406
Total revenues	2,203,925	1,553,748	(650,177)
EXPENDITURES			
Instruction	1,231,044	1,080,029	151,015
Support services	972,881	853,536	119,345
Total expenditures	2,203,925	1,933,565	270,360
Net change in fund balance	-	(379,817)	379,817
Fund balance, beginning	-	(96,355)	(96,355)
Fund balance, ending	$ -	$ (476,172)	$ 283,462

See the accompanying independent auditors' report.