NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2026

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northern Colorado Academy of Arts & Knowledge

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Northern Colorado Academy of Arts & Knowledge, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the Northern Colorado Academy of Arts & Knowledge's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northern Colorado Academy of Arts & Knowledge, as of June 30, 2026 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Hoelting & Company Inc.

Colorado Springs, Colorado
October 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

If you have questions about this report or require further information, contact the Business Office at business@aakelementary.org or (970)226-2800.

OVERVIEW OF THE FINANCIAL STATEMENTS

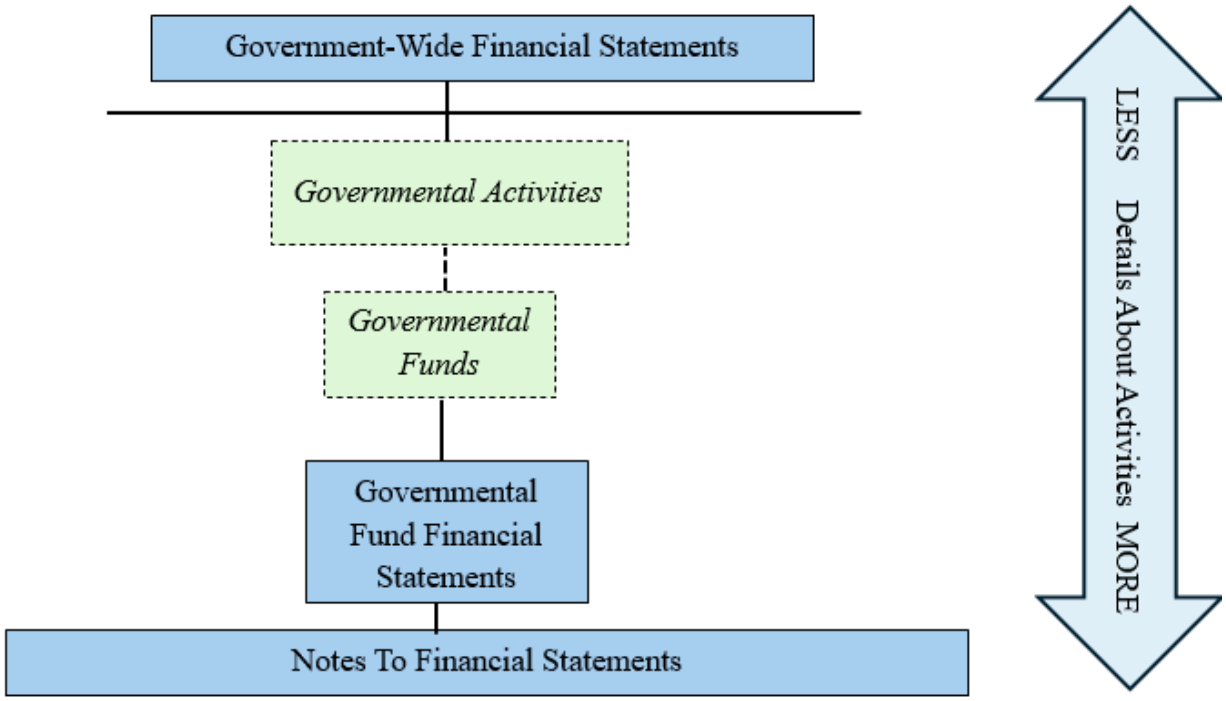
Northern Colorado Academy of Arts & Knowledge's financial report contains basic financial statements. Those financial statements present Northern Colorado Academy of Arts & Knowledge's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover Northern Colorado Academy of Arts & Knowledge's governmental activities. (See the diagram in Figure A-1.)

- Governmental activities comprise Northern Colorado Academy of Arts & Knowledge's primary functions, including instruction, supporting services, school or general administration, operations and maintenance, pupil transportation, food service, and other programs and services provided to students, staff, and the community. Governmental activities are financed primarily through state equalization, property taxes, specific ownership taxes, grants, and other revenues received from the State of Colorado, the federal government, and other local sources, as applicable to Northern Colorado Academy of Arts & Knowledge.

The remaining basic financial statements present Northern Colorado Academy of Arts & Knowledge's finances in greater detail and present fiduciary activities. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. Northern Colorado Academy of Arts & Knowledge's reports one group of funds:

- *Governmental fund financial statements* report all of the governmental activities except those that involve providing services to Northern Colorado Academy of Arts & Knowledge's departments. In addition to the Northern Colorado Academy of Arts & Knowledge's main operating fund—the general fund—those financial statements may report special revenue funds for grants, food service, preschool, or other designated purposes; debt service funds to account for the repayment of bonds, certificates of participation, or other outstanding obligations; and capital projects funds to account for resources used for facility construction, improvements, and other capital outlay.

Figure A-1. Contents of the Northern Colorado Academy of Arts & Knowledge's Basic Financial Statements



Lastly, the charter school component units of Northern Colorado Academy of Arts & Knowledge's (which may be combined with other nonmajor component units in a single column in the government-wide financial statements) are disaggregated in *combining financial statements* for discretely presented component units following the fund financial statements.

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

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of Northern Colorado Academy of Arts & Knowledge's financial statements, except for the governmental fund financial statements, use the *economic resources measurement focus and accrual basis of accounting*. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

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

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing debt or selling equipment, as well as principal and interest payments on debt and spending on the construction of a building.

Figure A-2 Types of Information Reported in Northern Colorado Academy of Arts & Knowledge's Financial Statements

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

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

ANALYSIS OF NORTHERN COLORADO ACADEMY OF ARTS & KNOWLEDGE'S FINANCES

Table A-1
Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Current and other assets	$ 2,786,390	$ 2,045,598	36.2%
Capital assets, net	7,788,087	64,107	12048.6%
Total assets	10,574,477	2,109,705	401.2%
Long-term liabilities	8,714,838	78,870	10949.6%
Other liabilities	271,168	293,753	-7.7%
Total liabilities	8,986,006	372,623	2311.6%
Net position			
Net investment in capital assets	(553,741)	64,107	-963.8%
Restricted	313,470	107,000	193.0%
Unrestricted	1,828,742	1,565,975	16.8%
Total net position	$ 1,588,471	$ 1,737,082	-8.6%

Table A-1 shows that as of June 30, 2026, Northern Colorado Academy of Arts & Knowledge's total net position—assets and deferred outflows minus liabilities and deferred inflows—was $1,588,471, a decrease of $148,611 or 8.6 percent compared with 2025. This decrease is primarily due to the purchase of the facility in October 2025. From this purchase, there was a significant increase in capital assets, long-term liabilities, net investment in capital assets, and restricted funding for debt service.

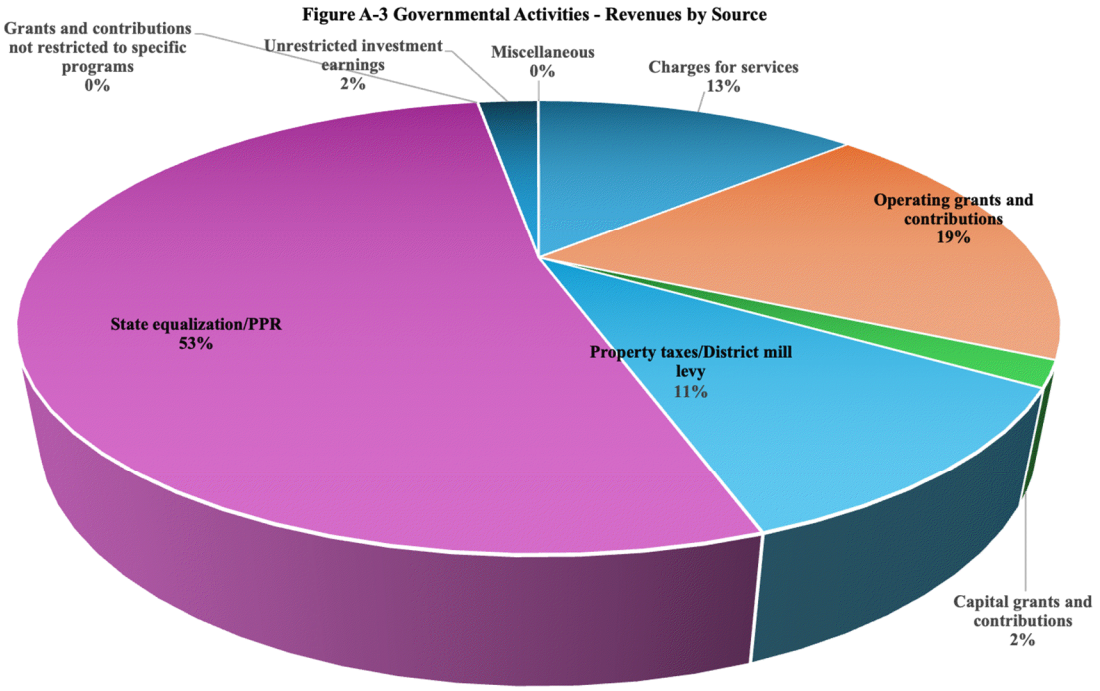
Governmental activities

Table A-2 shows that revenues did not exceed expenses in the current year, resulting in an decrease in net position. Figures A-3 and A-4 show a breakout of revenue by source and expenditure by function. The total net position of Northern Colorado Academy of Arts & Knowledge's governmental activities was $1,588,471, a decrease of $148,611 or 8.6 percent from 2025. Various events contributed to this decrease in net position; however, the four primary factors affecting the change in net position are as follows:

1) Increase in operating grants and contributions
2) Increases in revenues due to economic growth
3) State equalization/Per pupil revenue
4) Increases in expenses for certain programs and functions

Table A-2
Changes in Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Revenues			
Program Revenues:			
Charges for services	$ 627,435	$ 135,751	362.2%
Operating grants and contributions	872,221	607,142	43.7%
Capital grants and contributions	83,982	71,288	17.8%
General revenues:			
Property taxes/District mill levy	510,620	496,600	2.8%
State equalization/PPR	2,456,627	2,368,690	3.7%
Grants and contributions not restricted to specific programs	1,888	-	0.0%
Unrestricted investment earnings	117,263	28,083	317.6%
Miscellaneous	1,525	47,971	-96.8%
Total revenues	4,671,561	3,755,525	24.4%
Expenses			
Instruction	1,497,407	1,480,593	1.1%
Supporting services	2,748,373	1,748,500	57.2%
Interest and fiscal charges	574,392		0.0%
Total Expenses	4,820,172	3,229,093	49.3%
Change in net position	(148,611)	526,432	-128.2%
Net position - beginning	1,737,082	1,210,650	43.5%
Net position - ending	$ 1,588,471	$ 1,737,082	-8.6%



Increase in operating grants and contributions

There were notable increases in 2026 in operating contributions. Operating grants and contributions, which accounted for 18.6 percent of overall revenues for governmental activities, increased 43.7 percent to $872,221 in 2026. The increase was primarily attributable to an increase in funding from Colorado Schools Fund ($135,000) and award of an Early Literacy Grant ($126,287). In addition, Northern Colorado Academy of Arts & Knowledge also had a higher funded special education count in 2026 resulting in higher flowthrough SPED funding.

Increases in revenues due to economic growth

The strength of Northern Colorado Academy of Arts & Knowledge's local economy and changes in assessed valuation contributed to slight growth in several of Northern Colorado Academy of Arts & Knowledge's significant revenue sources. Property taxes, which represented 10.9 percent of Northern Colorado Academy of Arts & Knowledge's governmental activities revenues, increased 2.8 percent as a result of higher assessed values within Northern Colorado Academy of Arts & Knowledge's boundaries. Specific ownership taxes and other local revenues also changed during the year based on economic conditions and related activity.

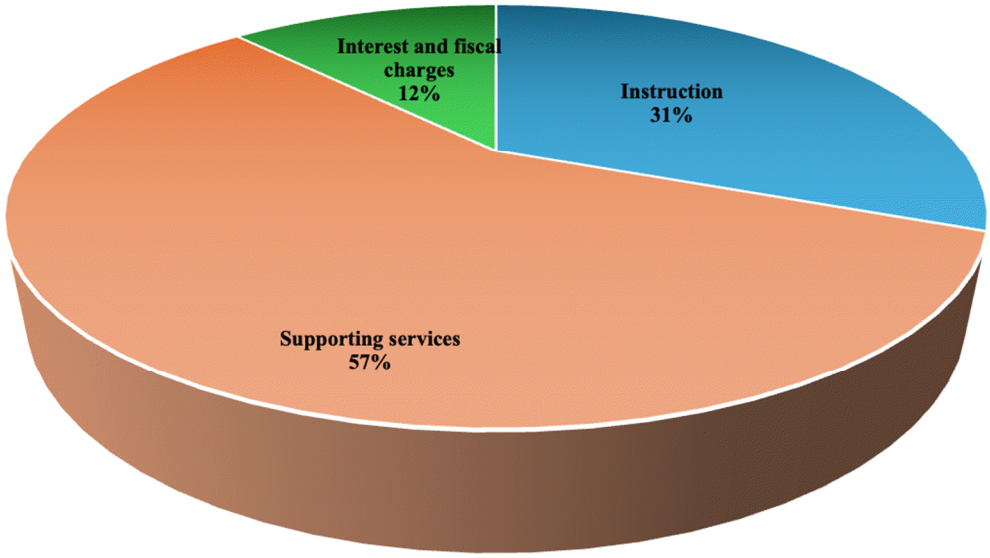
State equalization/Per pupil revenue

The largest single source of governmental activities revenue for Northern Colorado Academy of Arts & Knowledge is state equalization/per pupil revenue, which amounted to $2,456,627 in 2026, or 52.5 percent of total governmental activities revenue. State equalization/per pupil revenue increased 3.7 percent in 2026 due to changes in funded pupil count, formula funding, and other factors affecting per pupil revenue.

State equalization/per pupil revenue is determined under the Colorado school finance formula and is funded through a combination of local and state sources. For entities funded under that formula, increases in local property tax and specific ownership tax collections may reduce the state share, while decreases in local collections may increase the state share, without necessarily changing the total amount of formula funding received.

In 2026, Northern Colorado Academy of Arts & Knowledge purchased the building that they had been renting. This resulted in increased funding for debt service as well as costs for repairs, maintenance, and expansion into the portion of the building.

Figure A-4 Governmental Activties - Expenses by Function



Increases in expenses for certain programs and functions

The increases in revenue were accompanied by a more rapid increase in Northern Colorado Academy of Arts & Knowledge's costs of property due to the purchase of the facility. Most notably, since repairs needed to occur in the new portion of the purchased building, the supporting expense increased by $999,873 from $1,748,500 in 2025 to $2,748,373 in 2026 accounting for a majority of the increase in supporting expenses.

Due to the purchase of the building, interest and fiscal changes, which were not present in 2025, increased to $574,392 in fiscal year 2026.

GOVERNMENTAL FUNDS

Northern Colorado Academy of Arts & Knowledge reports two major funds in the governmental fund financial statements. Those funds are the general fund and the building corporation fund. Most of the discussion regarding governmental activities is applicable to the finances of those governmental funds.

However, certain factors that are relevant to Northern Colorado Academy of Arts & Knowledge's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. There were significant changes to two of the major funds. Those two major funds are shown in Table A-3 and are discussed in more detail below.

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

	General Fund		Building Corporation Fund	
	2026	2025	2026	
Revenues				
Local sources	$ 508,505	$ 236,426	$ 395,437	
State sources	3,486,559	3,317,024		
Federal sources	281,058	202,074		
Total revenues	4,276,122	3,755,524	395,437	
Expenditures				
Instruction	1,534,568	1,478,641		
Supporting services	2,546,695	1,721,570	248,971	
Debt service			8,285,436	
Total Expenditures	4,081,263	3,200,211	8,534,407	
Excess (deficiency) of revenues over expenditures	194,859	555,313	(8,138,970)	
Other financing sopurces (uses)				
Long-term debt proceeds			8,740,000	
Transfers				
Total other financing sources (uses)	-	-	8,740,000	
Net change in fund balances	194,859	555,313	601,030	
Fund balance - beginning	1,751,845	1,196,532	-	
Fund balance - ending	$ 1,946,704	$ 1,751,845	$ 601,030	

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General fund

The fund balance of Northern Colorado Academy of Arts & Knowledge's general fund increased by 11.1 percent. The increase in fund balance was primarily attributable to the increase in all revenue sources.

Building corporation fund

The fund balance of Northern Colorado Academy of Arts & Knowledge Building Corporation Fund was established in fiscal year 2026.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The Northern Colorado Academy of Arts & Knowledge purchased the facility they had been renting in fiscal year 2026. This has resulted in contributions to repairs and maintenance as well as expansion into the upper floor of the building. The financing of the building totaled $8,740,000.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Northern Colorado Academy of Arts & Knowledge is aware of two developments that will have an impact on Northern Colorado Academy of Arts & Knowledge's finances in the future and were therefore incorporated into next year's budget:

1) End of large one year grant awards
2) Increase in debt service payments

End of large one year grant awards

In fiscal year 2026, Northern Colorado Academy of Arts & Knowledge received two large one year grants - Early Literacy Professional Development Grant ($126,287) and the Education of Homeless Children and Youth ($63,190). While these grant funds have ended and decreased overall revenues, NCAAK continues to apply for additional grant funding to bridge the difference.

Increase in debt service payments

Fiscal year 2027 is the first year the school will be responsible for debt payments for the full year. This has increased the cost of supporting services and facilities by over $100k.

BASIC FINANCIAL STATEMENTS

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and investments	$ 2,132,701
Restricted cash and investments	554,094
Grants receivable	12,635
Intergovernmental receivables	24,815
Other receivables	48,552
Deposits	13,593
Capital assets not being depreciated	7,673,497
Capital assets, net of accumulated depreciation/amortization	114,590
Total Assets	10,574,477
LIABILITIES	
Accounts payable and other accrued liabilities	2,366
Accrued salaries and benefits	236,290
Accrued interest payable	32,512
Long-term liabilities:	
Due within one year	144,930
Due in more than one year	8,569,908
Total Liabilities	8,986,006
NET POSITION	
Net investment in capital assets	(553,741)
Restricted for:	
TABOR	120,000
Debt Service	193,470
Unrestricted	1,828,742
Total Net Position	$ 1,588,471

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

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 1,497,407	$ 268,716	$ 647,097	$ -	$ (581,594)
Supporting services	2,748,373	358,719	225,124	83,982	(2,080,548)
Interest and fiscal charges	574,392	-	-	-	(574,392)
Total governmental activities	$ 4,820,172	$ 627,435	$ 872,221	$ 83,982	(3,236,534)
General revenues:					
Per pupil revenue					2,456,627
District mill levy					510,620
Grants and contributions not restricted to specific programs					1,888
Unrestricted investment earnings					117,263
Miscellaneous					1,525
Total general revenues					3,087,923
Change in net position					(148,611)
Net position - beginning					1,737,082
Net position - ending					$ 1,588,471

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

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Building Corp Fund	Total
ASSETS			
Cash and investments	$ 2,132,701	$ -	$ 2,132,701
Restricted cash and cash equivalents	-	554,094	554,094
Grants receivable	12,635	-	12,635
Intergovernmental receivables	24,815	-	24,815
Other receivables	48,552	-	48,552
Due from other funds	-	46,936	46,936
Deposits	13,593	-	13,593
Total Assets	$ 2,232,296	601,030	$ 2,833,326
LIABILITIES			
Accounts payable and other accrued liabilities	$ 2,366	$ -	$ 2,366
Accrued salaries and benefits	236,290	-	236,290
Due to other funds	46,936	-	46,936
Total Liabilities	285,592	-	285,592
FUND BALANCE			
Restricted for:			
TABOR	120,000	-	120,000
Capital projects	-	328,112	328,112
Debt service	-	272,918	272,918
Unassigned	1,826,704	-	1,826,704
Total Fund Balance	1,946,704	601,030	2,547,734
Total Liabilities and Fund Balance	$ 2,232,296	$ 601,030	$ 2,833,326

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

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

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

Total Fund Balance of Governmental Funds		$ 2,547,734
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	$ 7,673,497	
Capital assets, net of accumulated depreciation	114,590	7,788,087
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Long-term debt payable	$ (8,669,940)	
Compensated absences	(44,898)	
Accrued interest	(32,512)	(8,747,350)
Total Net Position of Governmental Activities		$ 1,588,471

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

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Building Corp Fund	Total
REVENUES			
Local sources	$ 508,505	$ 395,437	$ 903,942
State sources	3,486,559	-	3,486,559
Federal sources	281,058	-	281,058
Total revenues	4,276,122	395,437	4,671,559
EXPENDITURES			
Instruction	1,534,568	-	1,534,568
Supporting services	2,546,695	248,971	2,795,666
Debt service:			
Interest	-	244,066	244,066
Principal	-	70,060	70,060
Issuance costs	-	297,813	297,813
Facilities acquisition and construction	-	7,673,497	7,673,497
Total expenditures	4,081,263	8,534,407	12,615,670
Excess (deficiency) of revenues over expenditures	194,859	(8,138,970)	(7,944,111)
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	8,740,000	8,740,000
Total other financing sources (uses)	-	8,740,000	8,740,000
Net change in fund balance	194,859	601,030	795,889
Fund balance, beginning	1,751,845	-	1,751,845
Fund balance, ending	$ 1,946,704	$ 601,030	$ 2,547,734

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

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGSE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

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

Net Change in Fund Balance of Governmental Funds		$ 795,889
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	$ (14,654)	
Capital Outlays	7,738,634	7,723,980
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of 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.		
Proceeds from long-term debt	$ (8,740,000)	
Loan principal payments	70,060	(8,669,940)
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.		
Accrued interest on long-term debt	$ (32,512)	
Compensated absences	33,972	1,460
Change in Net Position of Governmental Activities		$ (148,611)

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Northern Colorado Academy of Arts & Knowledge dba Academy of Arts and Knowledge (the School) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

A. REPORTING ENTITY

The School was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school. In 2006, the School entered into a contract with the Colorado Charter School Institute (the "Institute") to authorize the School's charter.

The accompanying financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units are, in substance, part of the School's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the School.

Blended component unit. Academy of Arts & Knowledge Building Corporation (the Building Corp) was organized for the purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property intended to be leased to the School. The Building Corp is reported as a special revenue fund and does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

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 School and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by per pupil revenue and intergovernmental revenues.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The School reports the following major governmental funds:

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Building Corp Fund* is used to account for the financial activities of the Forest Meadows Building Corporation, including facilities acquisition and construction and the accumulation of resources for the related debt service.

C. 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the School the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Interest and charges for services 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 are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for 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 School.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

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

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease 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 two years. For lease assets, only those intangible lease assets that cost more than $15,000 are reported as capital assets.

As the School constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and construction in progress are not depreciated. The other tangible and intangible assets of the School are depreciated/amortized using the straight-line method over the following estimated useful lives:

Building and improvements	15 years
Furniture and equipment	3-20 years

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the School before the related revenue can be recognized because the earnings process is not complete.

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.

Leases

Lessee: The School currently has no noncancellable leases. The School recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of $15,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund 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 resolution 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.

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 Education 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences

The School recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the government-wide financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

In the governmental fund financial statements, compensated absences are recognized as expenditures only when due.

F. 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.

G. UPCOMING ACCOUNTING AND REPORTING CHANGES

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025 and is effective for fiscal years beginning after June 15, 2026. This statement defines subsequent events, modifies the subsequent events time frame, and requires the date through which subsequent events have been evaluated to be disclosed.

Management has not yet determined the effect this statement will have on the School's financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2026 is as follows:

Deposits	$ 224,216
Investments	2,426,579
Total	$ 2,686,795

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

Cash and investments	$ 2,132,701
Restricted cash and investments	554,094
Total	$ 2,686,795

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2026 was $224,216 and the bank balances were $224,503. All of the bank balances were covered by federal deposit insurance.

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.

At June 30, 2026 the School's investment balances were as follows:

Investment Type	Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
ColoTrust	$ 2,462,579	Net asset value	Less than 90 days	AAAm

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating Local Government Investment Pools in the state of Colorado. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the School has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and School policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the School's investment in a single issuer. The School places no limit on the amount it may invest in any one issuer. More than 20 percent of the School's investments are in ColoTrust. These investments are 100% of the School's total investments.

Fair value of investments. The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

School investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the School's pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2026, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ -	$ 46,936
Building Corp Fund	46,936	-
Total	$ 46,936	$ 46,936

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Construction in progress	$ -	$ 7,673,497	$ -	$ 7,673,497
Total capital assets not being depreciated	-	7,673,497	-	7,673,497
Capital assets being depreciated:				
Land improvements	11,360	32,120	-	43,480
Furniture and equipment	236,437	33,017	-	269,454
Total capital assets being depreciated	247,797	65,137	-	312,934
Less accumulated depreciation for:				
Land improvements	(4,543)	(757)	-	(5,300)
Furniture and equipment	(179,147)	(13,897)	-	(193,044)
Total accumulated depreciation	(183,690)	(14,654)	-	(198,344)
Total capital assets being depreciated, net	64,107	50,483	-	114,590
Capital assets, net of accumulated depreciation/amortization	64,107	50,483	-	114,590
Total governmental activities capital assets	$ 64,107	$ 7,723,980	$ -	$ 7,788,087

Depreciation/amortization expense was charged to the functions/programs of the governmental activities of the School as follows:

Governmental Activities	
Instruction	$ 14,654

NOTE 5 – LONG-TERM LIABILITIES

Building Loan

On October 17, 2025, the Public Finance Authority issued an $8,740,000 Charter School Revenue Note. Proceeds from the note were loaned to the Building Corporation to finance the acquisition of a building and fund various construction projects. The School is obligated under a lease agreement to make monthly lease payments to the Building Corp. for using the facilities. The Building Corporation is required to make equal payments to the trustee, for payment of the bonds. Interest accrues at a rate of 4.50%, with principal and interest payments due monthly through December 1, 2030.

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

	Governmental Activities	
Fiscal Year Ending June 30	Principal	Interest
2027	$ 144,930	$ 387,182
2028	151,588	380,524
2029	158,552	373,560
2030	165,836	366,277
2031	8,049,034	150,387
Total	$ 8,669,940	$ 1,657,930

Changes in the School's long-term liabilities for the year ended June 30, 2026, are as follows:

	Beginning Balance	Debt Issued And Additions	Reductions	Ending Balance	Due Within One year
Governmental Activities					
Loan payable	$ -	$ 8,740,000	$ (70,060)	$ 8,669,940	$ 144,930
Compensated absences	78,870	-	(33,972)	44,898	-
Total Governmental Activities	$ 78,870	$ 8,740,000	$ (104,032)	$ 8,714,838	$ 144,930

Loans are liquidated in the Building Corp fund. Compensated absences are liquidated in the General fund.

NOTE 6 – MANAGEMENT AGREEMENT

On July 1, 2025, the School entered into the management agreement with Minga Education Group, Inc. ("Minga"). The teachers and staff are employees of Minga. The administrative fees earned by Minga for the year ended June 30, 2026 were $192,936.

NOTE 7 - 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 carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Grants

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

NOTE 9 - TAX, SPENDING, AND DEBT LIMITATIONS

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, 2026 there is a $120,000 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.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget	Actual Amounts	Variance with Final Budget
	Original	Final			
REVENUES					
Local sources	$ 305,317	$ 424,913	$ 119,596	$ 508,505	$ 83,592
State sources	4,357,368	3,486,843	(870,525)	3,486,559	(284)
Federal sources	260,174	344,154	83,980	281,058	(63,096)
Total revenues	4,922,859	4,255,910	(666,949)	4,276,122	20,212
EXPENDITURES					
Instruction	1,738,895	1,577,273	161,622	1,534,568	42,705
Supporting services	2,885,787	2,617,567	268,220	2,546,695	70,872
Total expenditures	4,624,682	4,194,840	429,842	4,081,263	113,577
Net change in fund balances	298,177	61,070	(1,096,791)	194,859	133,789
Fund balances - beginning	1,419,761	1,419,761	-	1,751,845	164,384
Fund balance - ending	$ 1,717,938	$ 1,480,831	$ 237,107	$ 1,946,704	$ 465,873

See the accompanying Independent Auditors' Report.

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING CORP FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget	Actual Amounts	Variance with Final Budget
	Original	Final			
REVENUES					
Local sources	$ -	$ -	$ -	$ 395,437	$ 395,437
Total revenues	-	-	-	395,437	395,437
EXPENDITURES					
Supporting services	-	-	-	248,971	(248,971)
Debt service:					
Interest	-	-	-	244,066	(244,066)
Principal	-	-	-	70,060	(70,060)
Issuance costs	-	-	-	297,813	(297,813)
Facilities acquisition and construction	-	-	-	7,673,497	(7,673,497)
Total expenditures	-	-	-	8,534,407	(8,534,407)
Excess (deficiency) of revenues over expenditures	-	-	-	(8,138,970)	(8,138,970)
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	-	-	8,740,000	8,740,000
Total other financing sources (uses)	-	-	-	8,740,000	8,740,000
Net change in fund balances	-	-	-	601,030	601,030
Fund balances - beginning	-	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ 601,030	$ 601,030

See the accompanying Independent Auditors' Report.

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS
JUNE 30, 2026

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Head of School submits a proposed budget to the Board of Directors for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the School and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Directors to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Head of School. Revisions that alter the total expenditures in 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 as established by the Board of Directors.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the School budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Head of School and/or Board of Directors throughout the year. All appropriations lapse at the end of each fiscal year.

A budget was not adopted for the Building Corp fund.

General Fund Budgetary Highlights

Original budget compared to final budget. The most significant differences between the original and final budget were as follows:

Revenue source	Original Budget	Final Budget	Difference
Local sources	305,317	424,913	119,596
State sources	4,357,368	3,486,843	(870,525)
Federal sources	260,174	344,154	83,980

Expenditures	Original Budget	Final Budget	Difference
Instruction	1,738,895	1,577,273	161,622
Supporting services	2,885,787	2,617,567	268,220

NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS
JUNE 30, 2026

The FY26 budget was amended to reflect a UPK enrollment of 31 compared to a preliminary budget of 24. This accounts for $71,442 of the local revenue change. The remainder is due to increased interest income based on funding being invested with ColoTrust and increase in grant funds from Colorado School's Fund. State sources (PPR) was revised down due to original estimated enrollment of 284 vs actual of 221. Federal sources increased due a $64,480 grant award for the Education of Homeless Children and Youth and $19,500 in fresh fruits and veggie funds.

Final budget compared to actual results. The most significant differences between the final budget and actual results were as follows:

Revenue source	Final Budget	Actual revenues	Difference
Local sources	424,913	508,505	83,592
Federal sources	344,154	281,058	(63,096)

Expenditures	Final Budget	Actual expenditures	Difference
Supporting services	2,617,567	2,546,695	70,872

Actual local funding came in higher due to two main areas. First, interest on investment account was roughly $20k higher than budgeted due to interest rates not decreasing at the predicted rate. Second, parent paid tuition came in over budget due to higher payment rate than anticipated. Federal sources actual was under budget due to less participation in school lunch program causing a decrease in reimbursement.

Supporting expenses came in under budget due to cost of building purchase coming in roughly $50,000 under anticipated budget. In addition, total cost of food service came in under budget due to breakfast service being brough in house as opposed to outsourced. This allowed the school to manage the funds more efficiently for the year.