GLOBAL VILLAGE CHARTER COLLABORATIVE

BASIC FINANCIAL STATEMENTS

June 30, 2015

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FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Global Village Charter Collaborative
Northglenn, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Global Village Charter Collaborative, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Global Village Charter Collaborative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Global Village Charter Collaborative, as of and for the year ended June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedule of the school's proportionate share, and schedule of the school's contributions on pages 21-23 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.

John Cutler & Associates, LLC

December 2, 2015

Global Village Charter Collaborative
Management's Discussion and Analysis
Year Ended June 30, 2015

Introduction

As management of Global Village Charter Collaborative (the "Collaborative"), we offer readers of the Collaborative's basic financial statements this narrative and analysis of the financial activities of the Collaborative as of and for the year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information provided in the basic financial statements.

Financial Highlights

The year ended June 30, 2015, was the third year of operations for the Collaborative. As of June 30, 2015, Net Position reduced to ($2,954,058) due to the implementation of new regulations under the Governmental Accounting Standards Board statement (GASB) Number 68. Based on the timing of implementing the regulation in 2014, the Beginning Net Position of the Government Type Activities was restated. Further information about GASB 68 is provided in Notes 4, 6 and 7 of the financial statements.

The operations of the Collaborative are funded primarily by contracts with Charter Schools within the Collaborative to provide central office support to administer, manage, and support the implementation of the schools' educational programs. Total fees collected during the year were $1,785,312 and include five schools in the Collaborative: Aurora, Northglenn, Colorado Springs, Ft. Collins, and Douglas County.

The general fund (governmental fund) ending fund balance increased by $101,674, resulting in a fund balance of $40,589. This improvement was impacted by increased enrollment at the partnering schools and streamlining administrative costs at the Collaborative.

Overview of Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Collaborative's basic financial statements. The basic 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 Collaborative's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the Collaborative's assets and liabilities, with the difference between the two 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 of the Collaborative is improving or deteriorating.

The statement of activities presents information showing how the Collaborative's 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, revenue 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).

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 Collaborative, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Collaborative maintains one governmental fund, its General Fund.

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. Such information may be useful in evaluating the Collaborative's near-term financing requirements.

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 Collaborative's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Collaborative maintains one governmental fund, the general fund.

The Collaborative adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements, referenced on pages 5-20.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the Collaborative's financial position. As of June 30, 2015, the Collaborative's liabilities exceeded its assets by $2,954,058.

Collaborative's Net Position
Governmental Activities

	June 30, 2015	June 30, 2014
Assets		
Cash and Investments	$10,266	$98,005
Restricted Cash	620	71,559
Accounts Receivables	-	2,480
Prepaid Expenses	70,514	-
Due from Global Village Charter Schools	-	41,570
Due from Affiliate	-	-
Deposits	4,453	-
Inventory	22,669	36,096
Total Assets	108,522	249,710
Deferred Outflows of Resources		
Related to Pensions	448,446	-
Liabilities		
Accounts Payable and Other Current Liabilities	40,021	34,931
Due to Global Village Charter Schools	-	148,903
Due to Affiliate	-	34,718
Accrued Salaries and Benefits	27,912	20,684
Deferred Revenue	-	71,559
Noncurrent Liability – Net Pension Liability	3,442,900	-
Total Liabilities	3,510,833	310,795
Deferred Inflows of Resources		
Related to Pensions	193	-
Net Position		
Restricted for Grant Purposes	-	71,559
Unrestricted	(2,954,058)	(132,644)
Total Net Position	$ (2,954,058)	$ (61,085)

Collaborative's Change in Net Position
For the Years Ended June 30, 2015 and June 30, 2014
Governmental Activities

	June 30, 2015	June 30, 2014
Revenues		
Program Revenues		
Grants and Contributions	$ 97,559	$ 26,327
General Revenues		
Service Fees	1,785,312	1,647,755
Other Local Revenue	306,199	109,931
Total revenues	2,189,070	1,784,013
Expenditures/expenses		
Current		
Support Services	2,107,086	1,845,197
Total Expenses	2,107,086	1,845,197
Increase (Decrease) in Net Position	81,984	(61,184)
Net Position, Beginning, As Restated	(3,036,042)	99
Net Position, End of Year	(2,954,058)	(61,085)

Financial Analysis of the Collaborative's Funds

The Collaborative has one governmental fund, the General Fund. The General Fund is considered a major fund and is used to account for the Collaborative's general operations. The goal of the Collaborative is to maintain a minimal fund balance to support the operations of the organization.

General Fund Budgetary Highlights

The Collaborative drafted a final budget in General Fund expenditures of $2,111,791 for the year ended June 30, 2015. Actual expenditures were $2,087,396 with no transfers out.

Capital Assets and Debt Administration

The Collaborative is party to a facilities operating lease. The facility lease is with Global Village Academy - Northglenn. $36,000 was paid to Global Village Academy - Northglenn during FY 2014 - 2015. On May 1st, 2015, GVCC entered into a new lease with an office complex, separate from the Northglenn campus.

The asset capitalization threshold is $5,000. As of June 30, 2015 the Collaborative did not have any capitalized assets.

Economic Factors, Next Year's Budget, Student Counts

The primary factor driving the budget for the Collaborative is the student enrollment of the charter schools. Total Funded Pupil Count (FPC) was as follows:

Fiscal Year	FPC	
2011 / 2012	1,096.12	
2012 / 2013	1,467.26	
2013 / 2014	1,923.32	
2014 / 2015	2,518.66	
2015 /2016	3,122.00	Projected

This factor was considered in preparing the Collaborative's budget for fiscal year 2015-16. Enrollment will continue to grow as the growth plan is executed and as the Douglas County campus expands its population. As the State's economic environment improves, the Collaborative is also optimistic K-12 funding will improve in the near term.

Requests for Information

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

Global Village Collaborative
10701 Melody Drive, Suite 610
Northglenn, CO 80234
720.353.4113

BASIC FINANCIAL STATEMENTS

GLOBAL VILLAGE CHARTER COLLABORATIVE

STATEMENT OF NET POSITION
As of June 30, 2015

	Governmental Activities 2015	Governmental Activities 2014
ASSETS		
Cash	$ 10,266	$ 98,005
Restricted Cash	620	71,559
Accounts Receivable	-	2,480
Prepaid Expenses	70,514	-
Due From Charter Schools	-	41,570
Inventory	22,669	36,096
Deposits	4,453	-
TOTAL ASSETS	108,522	249,710
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	448,446	-
LIABILITIES		
Accounts Payable	40,021	34,931
Due To Global Village Charter Schools	-	148,903
Due To Affiliate	-	34,718
Unearned Revenues	-	71,559
Accrued Salaries and Benefits	27,912	20,684
Noncurrent Liability - Net Pension Liability	3,442,900	-
TOTAL LIABILITIES	3,510,833	310,795
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	193	-
NET POSITION		
Restricted for Grant Purposes	-	71,559
Unrestricted	(2,954,058)	(132,644)
TOTAL NET POSITION	$ (2,954,058)	$ (61,085)

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

GLOBAL VILLAGE CHARTER COLLABORATIVE

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

		PROGRAM REVENUES		Net (Expense) Revenue And Change In Net Position	
			Operating	Governmental Activities	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Grants and Contributions	2015	2014
PRIMARY GOVERNMENT					
Governmental Activities					
Supporting Services	$ 2,107,086	$ 1,785,312	$ 97,559	$ (224,215)	(171,115)
Total Governmental Activities	$ 2,107,086	$ 1,785,312	$ 97,559	(224,215)	(171,115)
GENERAL REVENUES					
Other Revenues				306,199	109,931
TOTAL GENERAL REVENUES				306,199	109,931
CHANGE IN NET POSITION				81,984	(61,184)
NET POSITION, Beginning, As Restated				(3,036,042)	99
NET POSITION, Ending				$ (2,954,058)	$ (61,085)

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

GLOBAL VILLAGE CHARTER COLLABORATIVE

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	GENERAL FUND	
	2015	2014
ASSETS		
Cash	$ 10,266	$ 98,005
Restricted Cash	620	71,559
Accounts Receivable	-	2,480
Prepaid Expenses	70,514	-
Deposits	4,453	
Due from GVA - Colorado Springs	-	41,570
Inventory	22,669	36,096
TOTAL ASSETS	$ 108,522	$ 249,710
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 40,021	$ 34,931
Due to Global Village Charter Schools	-	148,903
Due to Affiliate	-	34,718
Unearned Revenues	-	71,559
Accrued Salaries and Benefits	27,912	20,684
TOTAL LIABILITIES	67,933	310,795
FUND BALANCES		
Nonspendable	22,669	36,096
Restricted for Grant Purposes	-	71,559
Unassigned	17,920	(168,740)
TOTAL FUND BALANCES	40,589	(61,085)
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities and related assets are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability ($3,442,900), deferred outflows related to pensions $448,446, and deferred inflows related to pensions ($193).	(2,994,647)	-
Net position of governmental activities	$ (2,954,058)	$ (61,085)

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

GLOBAL VILLAGE CHARTER COLLABORATIVE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	GENERAL FUND	
	2015	2014
REVENUES		
Local Sources	$ 2,091,511	$ 1,757,686
State and Federal Sources	97,559	26,327
TOTAL REVENUES	2,189,070	1,784,013
EXPENDITURES		
Current		
Supporting Services	2,087,396	1,845,197
TOTAL EXPENDITURES	2,087,396	1,845,197
NET CHANGE IN FUND BALANCES	101,674	(61,184)
FUND BALANCES, Beginning	(61,085)	99
FUND BALANCES, Ending	$ 40,589	$ (61,085)

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

GLOBAL VILLAGE CHARTER COLLABORATIVE

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	$	101,674
Deferred Charges related to pensions are not recognized in the governmental funds. However, in the government-wide statements these amounts are capitalized and amortized.		(19,690)
Change in net position of governmental activities	$	81,984

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Global Village Charter Collaborative (the "Collaborative") was incorporated in 2010 for the purpose of developing and operating public charter schools. The Collaborative's mission is to "advance and carry out the common educational mission of participating Schools and to otherwise advance world language education". The Collaborative is recognized as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code.

The Collaborative includes four managed charter schools within the Front Range area:

- The Global Village Academy – Aurora, a component unit of Aurora Public School District;
- The Global Village Academy – Northglenn, a component unit of Adams 12 Five Star Schools.
- The Global Village Academy – Colorado Springs, receives its funding from the Charter School Institute.
- The Global Village Academy – Fort Collins, receives its funding from the Charter School Institute.

The accounting policies of the Collaborative conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Collaborative and organizations for which the Collaborative 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 Collaborative is financially accountable are considered part of the reporting entity. Financial accountability exists if the Collaborative 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 Collaborative.

Based on the application of these criteria, the Collaborative does not include additional organizations within its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

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

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Collaborative reports the following major governmental fund:

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

Assets, Liabilities and Fund Balance/Net Position

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

Inventory – Payments made to vendors for school uniforms that will be used in future periods are recorded as inventory. An expenditure is reported in the year in which the goods are consumed.

Accrued Salaries and Benefits – The accrued salaries and benefits include amounts payable to employees for services provided during the fiscal year and amounts due for payroll liabilities.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

- Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Collaborative has no investment in capital assets as of June 30, 2015.

- Restricted Net Position are liquid assets, which have third party limitations on their use. The Collaborative reported unspent grant proceeds as restricted net position as of June 30, 2015.

- Unrestricted Net Position represents assets that do not have any third party limitation on their use. While the Collaborative's management may have categorized and segmented portion for various purposes, the Collaborative's Board has the unrestricted right to revisit or alter these managerial decisions.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

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

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 Collaborative is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Collaborative's nonspendable balance at June 30, 2014 is nonspendable in form of inventory.

- 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. The Collaborative did not have any unspent grant proceeds as of June 30, 2015.

- Assigned/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 (ordinance or resolution) that was employed 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. The Collaborative did not have any committed resources as of June 30, 2015.

- 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 Collaborative 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 fund balance.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Risk Management

The Collaborative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Collaborative carries commercial coverage for these risks of loss. The Collaborative has not had any claims that exceeded the insurable limits in the last three years.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Collaborative's management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal yearend.

NOTE 3: ***CASH AND INVESTMENTS***

Cash at June 30, 2015 consisted of the following:

Cash on Hand	$	300
Deposits		10,586
Total	**$**	**10,886**

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. At June 30, 2015, State regulatory commissioners have indicated that all financial institutions holding deposits for the Collaborative are eligible public depositories. 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 Collaborative has no policy regarding custodial credit risk for deposits.

At June 30, 2015, The Collaborative had deposits with financial institutions with a carrying amount of $10,586. The bank balances with the financial institutions were $74,707, all of which were covered by federal depository insurance.

Investments

Interest Rate Risk

The Collaborative does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

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

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

- Guaranteed investment contracts

The Collaborative has no policy for managing credit risk or interest rate risk.

The Collaborative had no investments as of June 30, 2015.

Restricted Cash

Cash in the amount of $620 is restricted in the General Fund for the flexible spending account.

NOTE 4: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

NOTE 4: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

General Information about the Pension Plan (Continued)

- 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.

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

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

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

NOTE 4: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2015
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF[1]	16.43%	17.33%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Collaborative is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF School were $202,714 for the year ended June 30, 2015.

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

At June 30, 2015 the Collaborative reported a liability of $3,442,900 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The Collaborative's proportion of the net pension liability was based on the Collaborative's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

NOTE 4: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

At December 31, 2014, the Collaborative's proportion was 0.02540%, which was an increase of 0.00142% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015 the Collaborative recognized pension expense of $222,404. At June 30, 2015, the Collaborative 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	N/A	$ 193
Net difference between projected and actual earnings on pension plan investments	$ 59,381	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$ 287,676	N/A
Contributions subsequent to the measurement date	$ 101,389	N/A
TOTAL	$ 448,446	$ 193

$101,389 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, 2016. 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	
2016	$ 115,622
2017	$ 115,622
2018	$ 115,621

NOTE 4: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

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

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

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

NOTE 4: *DEFINED BENEFIT PENSION PLAN* (Continued)

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

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
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 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and 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. Based on those assumptions, the SCHDTF'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 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. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Collaborative's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

NOTE 4: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$ 4,539,778	$ 3,442,900	$ 2,524,794

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

Other Post-Employment Benefits

Health Care Trust Fund

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

Funding Policy – The Collaborative is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Collaborative are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2014, and 2013 the Collaborative's contributions to the HCTF were $11,559, $10,580, and $7,847 respectively, equal to their required contributions for each year.

NOTE 5: COMMITMENT AND CONTINGENCIES

Charter Collaborative Contract

On March 25, 2011, the Collaborative entered into a contract with Global Village Academy – Northglenn ("GVA-Northglenn") and Global Village Academy – Aurora ("GVA-Aurora"). During the year ended June 30, 2014, the Collaborative opened two additional school locations; Global Village Academy – Fort Collins ("GVA-Fort Collins") and Global Village Academy – Colorado Springs ("GVA – Colorado Springs"). The purpose of these contracts is to advance and carry out the common educational mission of participating schools. The Collaborative serves as a central office to administer, manage, and support the implementation of the schools' educational programs. The Collaborative is financed by the Schools through fees and assessments calculated on a per student FTE basis.

For the year ended June 30, 2015, GVA-Northglenn, GVA-Aurora, GVA-Colorado Springs, and GVA-Ft Collins paid the Collaborative $404,874, $579,829, $160,179, and $138,970 respectively, under the terms of this contract. There were no amounts due to or from these Academies at June 30, 2015.

During the year ended June 30, 2015, the Collaborative opened an additional school location; Global Village Academy – Douglas (GVA-Douglas). For the year ended June 30, 2015, GVA-Douglas paid the Collaborative $150,377 in administrative fees. There were no amounts due to or from GVA-Douglas at June 30, 2015.

The Collaborative also operates Global Village International Preschool (GVIP). This is a tuition based preschool program. For the year ended June 30, 2015, GVIP paid the Collaborative $28,500 in administrative fees. There were no amounts due to or from GVIP at June 30, 2015.

Claims and Judgments

The Collaborative participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, The Collaborative may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited, but the Collaborative believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

NOTE 5: **COMMITMENT AND CONTINGENCIES** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Collaborative believes it has complied with the Amendment.

NOTE 6: ***RESTATEMENT OF NET POSITION***

The Beginning Net Position of the Government Type Activities was decreased by $2,974,957 to ($3,036,042) as the School implemented Governmental Accounting Standards Board Statement (GASB) No. 68.

NOTE 7: ***DEFICIT NET POSITION***

The Net Position of the government type activities is in a deficit position of $2,954,058 due to the School including the Net Pension Liability per GASB No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

GLOBAL VILLAGE CHARTER COLLABORATIVE

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	2015 ACTUAL	VARIANCE Positive (Negative)	2014 ACTUAL
REVENUES					
Local Sources					
Service Fees	$ 2,241,474	$ 1,812,160	$ 1,785,312	$ (26,848)	$ 1,647,755
Other Revenues	157,000	319,600	306,199	(13,401)	109,931
State and Federal Sources					
Grants and Donations	62,000	96,559	97,559	1,000	26,327
TOTAL REVENUES	2,460,474	2,228,319	2,189,070	(39,249)	1,784,013
EXPENDITURES					
Salaries	1,276,250	1,183,519	1,159,317	24,202	1,049,071
Employee Benefits	334,451	317,979	300,985	16,994	243,536
Purchased Services	618,730	499,493	528,985	(29,492)	454,872
Supplies and Materials	94,500	104,500	92,632	11,868	91,220
Property	2,800	3,800	3,765	35	4,486
Other	2,500	2,500	1,712	788	2,012
TOTAL EXPENDITURES	2,329,231	2,111,791	2,087,396	24,395	1,845,197
CHANGE IN FUND BALANCES	131,243	116,528	101,674	(14,854)	(61,184)
FUND BALANCE, Beginning	(105,722)	(61,086)	(61,085)	1	99
FUND BALANCE, Ending	$ 25,521	$ 55,442	$ 40,589	$ (14,853)	$ (61,085)

See the accompanying independent auditors' report.

GLOBAL VILLAGE CHARTER COLLABORATIVE

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	2013	2014
School's proportionate share of the Net Pension Liability	0.024%	0.025%
School's proportionate share of the Net Pension Liability	$ 3,059,332	$ 3,442,900
School's covered-employee payroll	$ 996,958	$ 1,064,185
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	306.9%	323.5%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%

See the accompanying independent auditors' report.

GLOBAL VILLAGE CHARTER COLLABORATIVE

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2014	2015
Statutorily required contributions	$ 176,021	$ 202,714
Contributions in relation to the Statutorily required contributions	176,021	202,714
Contribution deficiency (excess)	$ -	$ -
School's covered-employee payroll	$ 1,037,276	$ 1,133,204
Contributions as a percentage of covered-employee payroll	16.97%	17.89%

See the accompanying independent auditors' report.

STATE COMPLIANCE

JOHN CUTLER
& ASSOCIATES

Board of Directors
Global Village Charter Collaborative
Northglenn, Colorado

INDEPENDENT AUDITORS' REPORT ON ELECTRONIC FINANCIAL DATA INTEGRITY CHECK FIGURES

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Global Village Charter Collaborative, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Collaborative, 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.

Auditor's Responsibility

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

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

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

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Global Village Charter Collaborative's basic financial statements accompanying electronic financial data integrity check figures listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying electronic financial data integrity check figures is fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

December 2, 2015

Colorado Department of Education

Auditors Integrity Report

District: 8041 - GLOBAL VILLAGE CHARTER COLLABORATIVE
Fiscal Year 2014-15
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental				
10 General Fund	-61,087	2,189,070	2,087,395	40,589
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	-61,087	2,189,070	2,087,395	40,589
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
Totals	0	0	0	0
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.