

GLOBAL VILLAGE CHARTER COLLABORATIVE

BASIC FINANCIAL STATEMENTS

June 30, 2014

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FINANCIAL SECTION



**JOHN CUTLER
& ASSOCIATES**

Board of Directors
Global Village Charter Collaborative
Denver, 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, 2014, 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, 2014, 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 and required budgetary information on page 15 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 Luttrell & Associates, LLC

November 6, 2014

Global Village Charter Collaborative
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2014

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, 2014. 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, 2014, was the second year of operations for the Collaborative. As of June 30, 2014, Net Position was a negative \$61,085. 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 \$1,616,755.

The general fund (governmental fund) ending fund balance decreased to a negative \$61,085 from \$99. This decrease was caused in enrollment challenges at our two new schools and a reduction in fees to the Collaborative. This deficit is expected to be eliminated with increased administrative fees next year.

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).

**Global Village Charter Collaborative
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2014**

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. Please reference pages 5-14.

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, 2014, the Collaborative's liabilities exceeded assets by \$61,085. Of the net position, \$71,559 is classified as Restricted for Grant Purposes representing that these resources are committed to expenditures related to the grant. Accordingly, these funds are not available to satisfy general operating expenses of the Collaborative. This leaves (\$132,644) as Unrestricted Net Position.

**Global Village Charter Collaborative
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2014**

Collaborative's Net Position
Governmental and Business-Type Activities

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Assets		
Cash and Investments	\$98,005	\$51,594
Restricted Cash	71,559	0
Accounts Receivables	2,480	42,504
Due from Global Village Charter Schools	41,570	34,557
Due from Affiliate	0	30,036
Inventory	<u>36,096</u>	<u>1,220</u>
Total Assets	<u>249,710</u>	<u>159,911</u>
Liabilities		
Accounts Payable and Other Current Liabilities	34,931	96,671
Due to Global Village Charter Schools	148,903	32,300
Due to Affiliate	34,718	0
Accrued Salaries and Benefits	20,684	30,841
Deferred Revenue	<u>71,559</u>	<u>0</u>
Total Liabilities	<u>310,795</u>	<u>159,812</u>
Net Position		
Restricted for Grant Purposes	71,559	0
Nonspendable	0	1,220
Unrestricted	<u>(132,644)</u>	<u>(1,121)</u>
Total Net Position	<u>\$ (61,085)</u>	<u>\$ 99</u>

**Global Village Charter Collaborative
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2014**

Collaborative's Change in Net Position
For the Years Ended June 30, 2014 and June 30, 2013
Governmental and Business-Type Activities

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Revenues		
Program Revenues		
Grants and Contributions	\$ 26,327	\$ 235,781
General Revenues		
Service Fees	1,647,755	1,394,733
Other Local Revenue	<u>109,931</u>	<u>68,259</u>
Total revenues	<u>1,784,013</u>	<u>1,698,773</u>
Expenditures/expenses		
Current		
Support Services	<u>1,845,197</u>	<u>1,698,674</u>
Total Expenses	<u>1,845,197</u>	<u>1,698,674</u>
Increase (Decrease) in Net Position	(61,184)	99
Net Position, Beginning of Year	<u>99</u>	<u>0</u>
Net Position, End of Year	<u>\$ (61,085)</u>	<u>\$ 99</u>

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 intent of the Collaborative is to pass expenditures onto the participating charter school and not to make a profit. 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 budgeted General Fund expenditures of \$1,923,616 for the year ended June 30, 2014. Actual expenditures were \$1,845,197 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 2013 - 2014.

The asset capitalization threshold is \$5,000. As of June 30, 2014 the Collaborative did not have any capitalized assets.

**Global Village Charter Collaborative
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2014**

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	Projected

This factor was considered in preparing the Collaborative's budget for fiscal year 2014-15. Enrollment will continue to grow as the growth plan is executed. As the State's economic environment improves, the Collaborative is 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, 555 W. 112th Ave., Northglenn, Colorado 80246.

BASIC FINANCIAL STATEMENTS

GLOBAL VILLAGE CHARTER COLLABORATIVE

STATEMENT OF NET POSITION

As of June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 98,005
Restricted Cash	71,559
Accounts Receivable	2,480
Due From Charter Schools	41,570
Inventory	<u>36,096</u>
TOTAL ASSETS	<u>249,710</u>
LIABILITIES	
Accounts Payable	34,931
Due To Global Village Charter Schools	148,903
Due To Affiliate	34,718
Unearned Revenues	71,559
Accrued Salaries and Benefits	<u>20,684</u>
TOTAL LIABILITIES	<u>310,795</u>
NET POSITION	
Restricted for Grant Purposes	71,559
Unrestricted	<u>(132,644)</u>
TOTAL NET POSITION	<u>\$ (61,085)</u>

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

GLOBAL VILLAGE CHARTER COLLABORATIVE

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	GENERAL FUND
ASSETS	
Cash	\$ 98,005
Restricted Cash	71,559
Accounts Receivable	2,480
Due from GVA - Colorado Springs	41,570
Inventory	36,096
	<hr/>
TOTAL ASSETS	\$ 249,710
	<hr/> <hr/>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 34,931
Due to Global Village Charter Schools	148,903
Due to Affiliate	34,718
Unearned Revenues	71,559
Accrued Salaries and Benefits	20,684
	<hr/>
TOTAL LIABILITIES	310,795
	<hr/>
FUND BALANCES	
Nonspendable	36,096
Restricted for Grant Purposes	71,559
Unassigned	(168,740)
	<hr/>
TOTAL FUND BALANCES	(61,085)
	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 249,710
	<hr/> <hr/>

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, 2014

	<u>GENERAL FUND</u>
REVENUES	
Local Sources	\$ 1,757,686
State and Federal Sources	<u>26,327</u>
TOTAL REVENUES	<u>1,784,013</u>
EXPENDITURES	
Current	
Supporting Services	<u>1,845,197</u>
TOTAL EXPENDITURES	<u>1,845,197</u>
NET CHANGE IN FUND BALANCES	(61,184)
FUND BALANCES, Beginning	<u>99</u>
FUND BALANCES, Ending	<u><u>\$ (61,085)</u></u>

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

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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 two managed charter schools within the Front Range area: The Global Village Academy – Aurora, a component unit of Aurora Public School District and the Global Village Academy – Northglenn, a component unit of Adams 12 Five Star Schools.

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.

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.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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, 2014.
- 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, 2014.
- 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.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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 as 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 reported unspent grant proceeds as restricted resources as of June 30, 2014.
- 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, 2014.
- 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.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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.

Accountability

The General Fund has a deficit fund balance of \$61,085. This deficit is expected to be eliminated with increased administrative fees to be collected from the Collaborative's new school locations, GVA-Fort Collins and GVA-Colorado Springs.

NOTE 3: CASH AND INVESTMENTS

Cash at June 30, 2014 consisted of the following:

Cash on Hand	\$	1,000
Deposits		<u>168,564</u>
Total	\$	<u>169,564</u>

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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, 2014, 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, 2014, The Collaborative had deposits with financial institutions with a carrying amount of \$168,564. The bank balances with the financial institutions were \$171,612, 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.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 3: CASH AND INVESTMENTS (Continued)

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
- 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, 2014.

Restricted Cash

Cash in the amount of \$71,559 is restricted in the General Fund for grant purposes.

NOTE 4: DEFINED BENEFIT PENSION PLAN

Plan Description. The Collaborative contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the Collaborative are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy. The Collaborative is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Collaborative are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 % and for the Collaborative it is 10.15 % of covered salary. A portion of the Collaborative's contribution (1.02 % of covered salary) is allocated to the Health Care Trust Fund (See Note 5). If the Collaborative rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, the member is required to contribute 8% of covered payroll. The Collaborative is also required to pay an amortization equalization disbursement equal to 7.3 % of the total payroll for the calendar year 2014, (6.4 % of total payroll for the calendar year 2013). For the years ending June 30, 2014, 2013 and 2012, the Collaborative's employer contributions for the SDTF were \$176,021, \$124,116, and \$34,704 respectively, equal to their required contributions for each year.

NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description. The Collaborative contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy. The Collaborative is required to contribute at a rate of 1.02% of covered 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 CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the years ending June 30, 2014, 2013 and 2012, the Collaborative's employer contributions to the HCTF were \$10,580, \$7,847, and \$2,280 respectively, equal to their required contributions for each year.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 6: 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”). The purpose of this contract 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, 2014, GVA-Northglenn and GVA-Aurora paid the Collaborative \$598,224 and \$775,123, respectively, under the terms of this contract. In addition, the Collaborative owes GVA-Aurora and GVA-Northglenn \$47,691 and \$73,811, respectively, at June 30, 2014.

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”). For the year ended June 30, 2014, GVA-Fort Collins and GVA-Colorado Springs paid the Collaborative \$69,880 and \$31,703, respectively, in administrative fees. In addition, the Collaborative owes GVA-Fort Collins \$27,400 and GVA-Colorado Springs owes the Collaborative \$41,570.

The Collaborative also operates Global Village International Preschool (GVIP). This is a tuition based preschool program. For the year ended June 30, 2014, GVIP paid the Collaborative \$141,825 in administrative fees. In addition, the Collaborative owes GVIP \$34,718 as of June 30, 2014. This amount is shown under ‘Due To Affiliate’.

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, 2014, 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.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 6: **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.

REQUIRED SUPPLEMENTARY INFORMATION

GLOBAL VILLAGE CHARTER COLLABORATIVE

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Service Fees	\$ 1,858,230	\$ 1,643,351	\$ 1,647,755	\$ 4,404
Other Revenues	120,788	81,350	109,931	28,581
State and Federal Sources				
Grants and Donations	62,000	62,811	26,327	(36,484)
 TOTAL REVENUES	 2,041,018	 1,787,512	 1,784,013	 (3,499)
EXPENDITURES				
Salaries	1,150,320	1,086,924	1,049,071	37,853
Employee Benefits	290,453	263,904	243,536	20,368
Purchased Services	561,943	472,188	454,872	17,316
Supplies and Materials	86,000	87,100	91,220	(4,120)
Property	8,300	11,000	4,486	6,514
Other	1,500	2,500	2,012	488
 TOTAL EXPENDITURES	 2,098,516	 1,923,616	 1,845,197	 78,419
 CHANGE IN FUND BALANCES	 (57,498)	 (136,104)	 (61,184)	 74,920
FUND BALANCE, Beginning	62,678	98	99	1
FUND BALANCE, Ending	\$ 5,180	\$ (136,006)	\$ (61,085)	\$ 74,921

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, 2014, 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 expressing 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.

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 Luthr & Associates, LLC

November 6, 2014



Colorado Department of Education

Auditors Integrity Report

District: 8041 - GLOBAL VILLAGE CHARTER COLLABORATIVE

Fiscal Year 2013-14

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	98	1,784,013	1,845,197	-61,086
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	98	1,784,013	1,845,197	-61,086
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve 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 Non-Voter Approved 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				
51 Food Service Fund	0	0	0	0
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.