

GLOBAL VILLAGE CHARTER COLLABORATIVE

FINANCIAL STATEMENTS

June 30, 2012

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JOHN CUTLER
& ASSOCIATES

Board of Directors
Global Village Charter Collaborative
Northglenn, Colorado

Independent Auditors' Report

We have audited the accompanying statements of financial position of the Global Village Charter Collaborative (the "Collaborative") as of June 30, 2012, and the related statements of activities and cash flows the year then ended. These financial statements are the responsibility of the Collaborative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Global Village Charter Collaborative as of June 30, 2012, and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

John Cutler & Associates, LLC

December 10, 2012

GLOBAL VILLAGE CHARTER COLLABORATIVE

STATEMENT OF FINANCIAL POSITION

June 30, 2012

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 17,341
Accounts Receivable	78,043
Inventories	5,410
Due from Schools	21,830
Deposits	50

TOTAL ASSETS

\$ 122,674

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 78,204
Accrued Salaries and Benefits	3,470
Deferred Revenue	41,000

TOTAL LIABILITIES

122,674

NET ASSETS

Unrestricted	<u>-</u>
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TOTAL NET ASSETS

-

TOTAL LIABILITIES AND NET ASSETS

\$ 122,674

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

GLOBAL VILLAGE CHARTER COLLABORATIVE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

REVENUES, GAINS AND OTHER SUPPORT	
Charges for Services	\$ 520,491
Grants and Contributions	105,679
Other	<u>2,379</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>628,549</u>
EXPENSES	
Support	<u>628,549</u>
TOTAL EXPENSES	<u>628,549</u>
CHANGE IN NET ASSETS	-
NET ASSETS, Beginning	<u>-</u>
NET ASSETS, Ending	<u><u>\$ -</u></u>

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

GLOBAL VILLAGE CHARTER COLLABORATIVE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities	
Changes in Assets and Liabilities	
Accounts Receivable	(78,043)
Deposits	(50)
Inventories	(5,410)
Due From Schools	(21,830)
Accounts Payable	78,204
Accrued Liabilities	3,470
Deferred Revenue	41,000
	<hr/>
Net Cash Used by Operating Activities	17,341
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NET INCREASE IN CASH	17,341
CASH AND CASH EQUIVALENTS, Beginning	-
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CASH AND CASH EQUIVALENTS, Ending	\$ 17,341
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The accompanying notes are an integral part of the financial statements.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Collaborative – 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. All significant inter-entity transactions have been eliminated for presentation.

Basis of Reporting – The Collaborative’s financial statements have been prepared using generally accepted accounting principles for non-profit organizations and the accrual basis of accounting.

Financial Statement Presentation – The Collaborative reports its financial position and activities in three classes of net assets; unrestricted, temporarily restricted and permanently restricted. The Collaborative does not have any permanently restricted net assets as of June 30, 2012.

Cash and Cash Equivalents – For the financial statement purposes, the Collaborative considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – Accounts Receivable consist of amounts owed by students and affiliates. At June 30, 2012, management has not recorded an allowance for doubtful accounts. The Collaborative writes off accounts receivable to the allowance account after reasonable collection efforts have been made. Payments subsequently received are recorded as revenue.

Accrued Expenses – Accrued expenses consist mainly of salaries and related payroll expenditures.

Deferred Revenues – Deferred revenues consist of amount received by the Collaborative that relate to expenses in the succeeding year.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions – Contributions received as well as collectible unconditional promises to give are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Income Tax Status – The Collaborative is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes.

Estimates – Preparation of the Collaborative’s financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – The management of the Collaborative has performed an evaluation of subsequent events through December 10, 2012, and has considered any relevant matters in the preparation of the financial statements.

NOTE 2: 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, 2012

NOTE 2: 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 3). 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 5.5 % of the total payroll for the calendar year 2012, (4.6 % of total payroll for the calendar year 2011). For the year ending June 30, 2012, the Collaborative's employer contributions for the SDTF were \$34,704, equal to their required contributions for the year.

NOTE 3: 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 year ending June 30, 2012, the Collaborative's employer contributions to the HCTF were \$2,280, equal to their required contributions for the year.

GLOBAL VILLAGE CHARTER COLLABORATIVE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 4: COMMITMENT AND CONTINGENCIES

Charter Collaborative Contract

On March 25, 2011, the Collaborative entered into an agreement with Global Village Academy – Northglenn (“GVA-Northglenn”) and Global Village Academy – Aurora (“GVA-Aurora”). The purpose of this agreement 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, 2012, GVA-Northglenn and GVA-Aurora paid the Collaborative \$102,394 and \$306,242, respectively, under the terms of this contract. GVA-Northglenn owes the Collaborative an additional \$21,830 at June 30, 2012.