LIBERTY TREE ACADEMY

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2026

LIBERTY TREE ACADEMY
TABLE OF CONTENTS
JUNE 30, 2026

	Page
Independent Auditors' Report	*ii*
Management's Discussion and Analysis	*iv*
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet—Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Notes to Financial Statements	7
Required Supplementary Information:	
Schedule of the Employer's Proportionate Share of the Net Pension Liability—School Division Trust Fund	36
Schedule of the Employer's Payroll Contributions—School Division Trust Fund	37
Notes to the Required Supplementary Information—School Division Trust Fund	38
Schedule of the Employer's Proportionate Share of the Net OPEB Liability—Health Care Trust Fund	39
Schedule of the Employer's Payroll Contributions—Health Care Trust Fund	40
Notes to the Required Supplementary Information—Health Care Trust Fund	41
Budgetary Comparison Schedule—General Fund	42
Budgetary Comparison Schedule—Building Corporation Fund	43
Notes to the Required Supplementary Information—Budgetary Comparison	44

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Liberty Tree Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Liberty Tree Academy, a component unit of El Paso County Colorado School District 49, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the Liberty Tree Academy's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hoelting & Company Inc.

Colorado Springs, Colorado
October 7, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help the Liberty Tree Academy (LTA or the School) stakeholders understand what the financial statements and notes in this financial report say about LTA's financial health for the fiscal year ending June 30, 2026. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of Liberty Tree Academy's finances.

Liberty Tree Academy was started in 2018 as a K-12 Charter school that offers a Traditional American Education of classical liberal arts to our community. The school initially offered classes off campus to grades K-8 while the financing for the school's permanent location was being completed. Liberty Tree Academy moved into its new location at the start of the 2019-2020 school year and incrementally added grade levels each school year, until reaching full potential in 2022. Liberty Tree Academy prides itself as a Hillsdale K-12 Curriculum school, created by Hillsdale College and seeks to gain membership as a Barney Initiative school in future years.

OVERVIEW OF THE FINANCIAL STATEMENTS

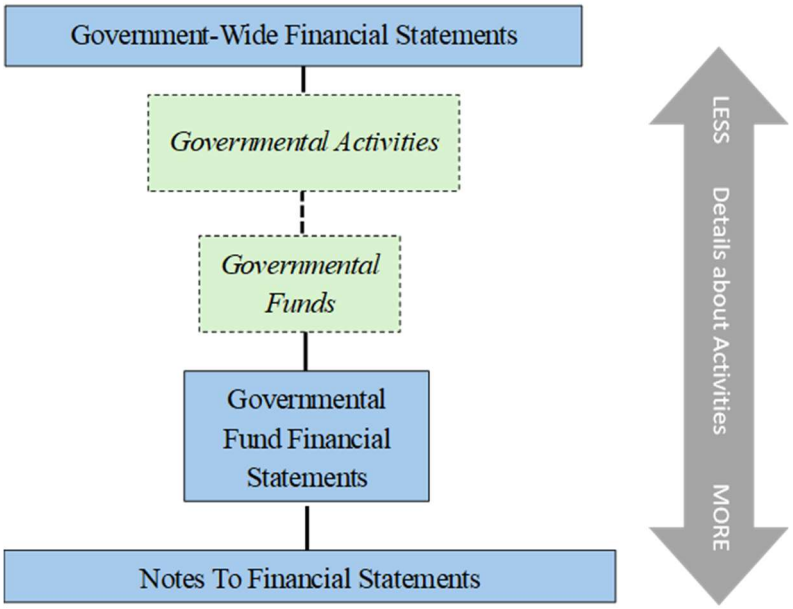
The School's financial report includes basic financial statements that provide both a high-level overview and a detailed breakdown of our finances. The first two components—the government-wide financial statements—display our primary government operations as illustrated in the **Figure A-1** diagram.

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

The remaining basic financial statements present the School's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The School reports on two funds:

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

Figure A-1. Contents of Liberty Tree Academy's Basic Financial Statements



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

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

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

- *Assets*—these are resources the school owns or controls to deliver future economic value or service. Assets consist of cash, investments, receivables and capital assets, which are used to directly support our educational programming and daily operations.
- *Liabilities*— represents the financial obligations or debts that the Charter School owes to outside parties, requiring the future sacrifice of economic resources or services. These obligations are comprised of accounts payable, accrued compensation, unearned revenues, and school bonds related to facility acquisition or pension liabilities.

- *Deferred outflows of resources and deferred inflows of resources*— represents the consumption or acquisition of net assets that apply to future reporting periods. These balances primarily relate to pension and other postemployment benefit (OPEB) reporting requirements and other transactions prescribed by governmental accounting standards.
- *Revenues and expenses*—inflows and outflows of economic resources, respectively, related to the current year.

Figure A-2 Types of Information Reported in the School's Financial Statements

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

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

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

ANALYSIS OF THE LIBERTY TREE ACADEMY'S FINANCES

Table A-1
Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Current and other assets	$ 5,002,394	$ 5,261,769	-4.9%
Capital assets, net	12,384,239	12,657,732	-2.2%
Total assets	17,386,633	17,919,501	-3.0%
Deferred outflows of resources	2,164,383	2,953,109	-26.7%
Long-term liabilities	24,143,375	25,193,010	-4.2%
Other liabilities	386,424	477,334	-19.0%
Total liabilities	24,529,799	25,670,344	-4.4%
Deferred inflows of resources	933,252	101,859	816.2%
Net position			
Net investment in capital assets	(4,496,900)	(4,330,135)	3.9%
Restricted	847,271	670,264	26.4%
Unrestricted	(2,262,406)	(1,239,722)	82.5%
Total net position	$(5,912,035)	$(4,899,593)	20.7%

Table A-1 shows that as of June 30, 2026, the School's total net position was $(5,912,035). This represents a 20.7 percent increase in the cumulative deficit compared to the prior year, driven by a current-year decrease in net position of $(1,012,442). This operational variance was primarily due to enrollment-led declines in state funding coupled with stable overall expenditure levels. While the School successfully reduced supporting services costs for fiscal year 2026, these savings were offset by a corresponding increase in instructional investments to support classroom needs.

Restricted net position consists of resources that are legally restricted for specific purposes, including debt service, TABOR and other designated programs. These resources are available only for their intended purposes and demonstrate the School's continued compliance with statutory and grant requirements. The following sections of MD&A analyze the finances of the governmental activities.

Governmental Activities

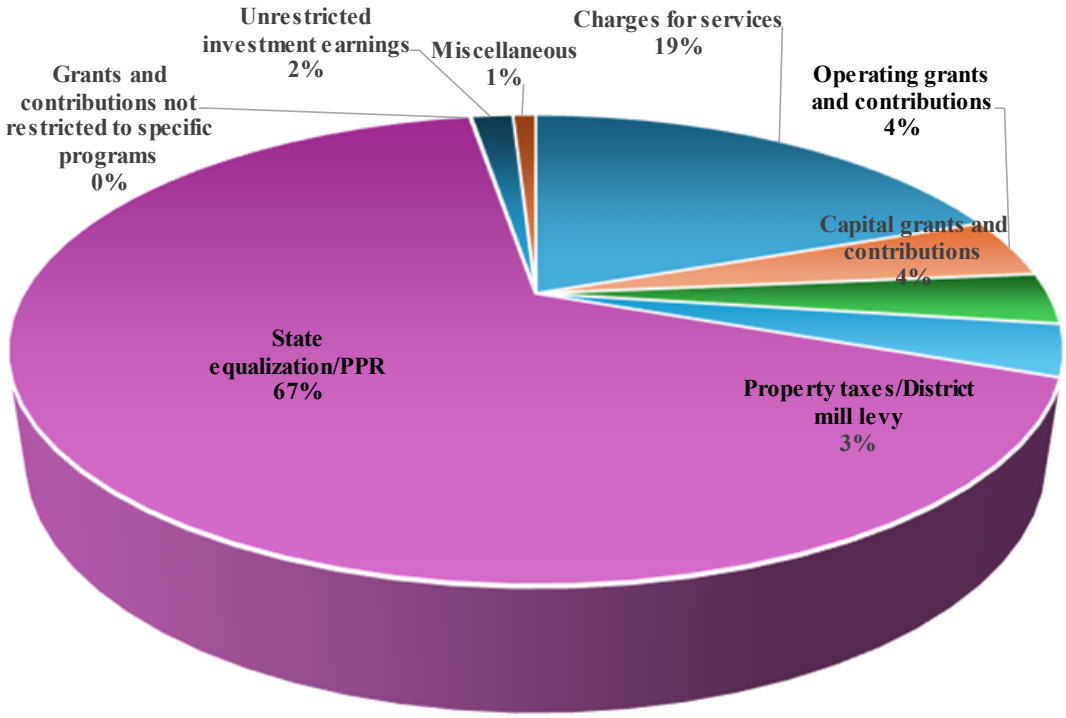
Table A-2 indicates that expenses exceeded revenues in the current year, resulting in a decrease in net position which was driven by several compounding variables, the most significant of which include:

- State Equalization / Per-Pupil Revenue: A decline of 13.2 percent in funded pupil count led to a sharp decrease in primary state funding allocations.
- Instructional Program Expenses: Increased operational and programmatic expenditures within the classroom offset cost-saving measures taken elsewhere in the budget.

Table A-2
Changes in Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Revenues			
Program Revenues:			
Charges for services	$ 1,657,623	$ 1,468,209	12.9%
Operating grants and contributions	352,849	334,582	5.5%
Capital grants and contributions	302,435	229,986	31.5%
General revenues:			
Property taxes/District mill levy	301,542	285,621	5.6%
State equalization/PPR	5,695,986	6,563,849	-13.2%
Grants and contributions not restricted to specific programs	5,458	3,327	64.1%
Unrestricted investment earnings	137,145	153,205	-10.5%
Miscellaneous	75,414	-	0.0%
Total revenues	8,528,452	9,038,779	-5.6%
Expenses			
Instruction	4,305,208	4,078,476	5.6%
Supporting services	4,147,346	4,372,061	-5.1%
Interest and fiscal charges	1,088,340	1,097,072	-0.8%
Total Expenses	9,540,894	9,547,609	-0.1%
Change in net position	(1,012,442)	(508,830)	99.0%
Net position - beginning	(4,899,593)	(4,390,763)	11.6%
Net position - ending	$ (5,912,035)	$ (4,899,593)	20.7%

Figure A-3 Governmental Activities - Revenues by Source



Figures A-3 and A-4 provide a visual breakout of revenue by source and expenditures by function.

Total revenues for the School's governmental activities are derived from state allocations, local operational collections, property tax overrides, and various grant programs. As illustrated in Figure A-3, the School's revenue portfolio exhibits a substantial concentration in state funding, leaving overall financial stability highly sensitive to fluctuations in student enrollment and state formula updates.

The School's primary revenue streams for fiscal year 2026 are analyzed below:

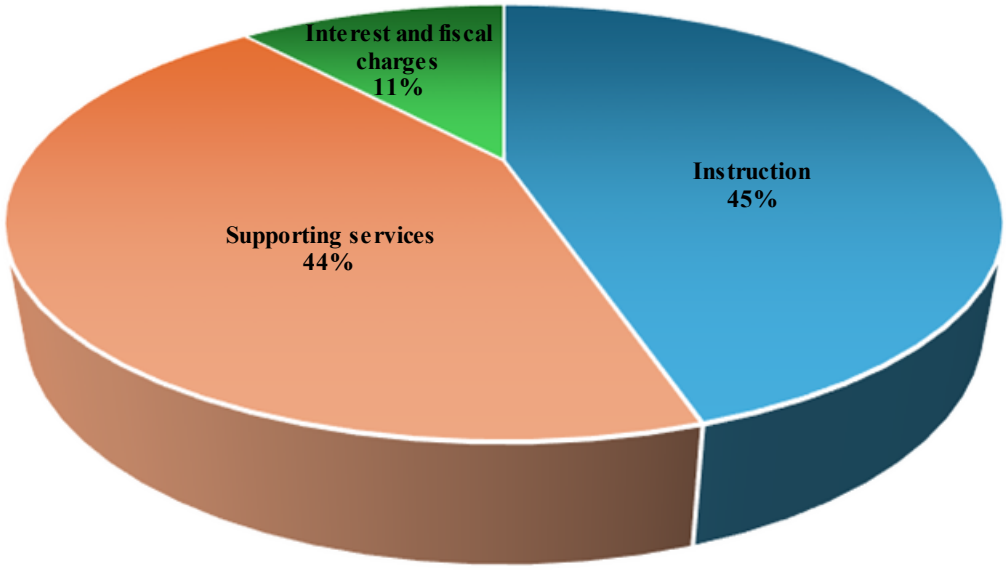
State Equalization and Per-Pupil Revenue (PPR): This represents the single largest funding source for governmental activities, comprising 67 percent of total revenues. Administered under the Colorado School Finance Act, this funding is determined by a statutory formula driven by pupil counts and funded through a combination of local property taxes, specific ownership taxes, and state-share equalization. For fiscal year 2026, State Equalization and PPR amounted to $11,257 per student. Due to a decline in the funded pupil count for the 2025–26 school year, total PPR revenue compressed by 13.2 percent, creating a significant operational shortfall.

Charges for Services: Serving as the second-largest resource driver at 19 percent of total revenues, this category reflects local operational collections from student-centered activities. These revenues consist of student fees for curriculum consumables, athletic participation, specialized school events, and localized fundraising activities.

Mill Levy Override (MLO) Revenue: Accounting for 3 percent of overall governmental revenues, voter-approved MLO funding increased by 5.6 percent year-over-year to $301,542. The School strategically deployed these dedicated local resources toward critical operational priorities, including competitive compensation adjustments to attract high-quality instructional staff. Additionally, MLO resources funded essential technology infrastructure upgrades to improve communication and safety frameworks, and financed the acquisition of 150 new Chromebooks to successfully transition to state-mandated, tech-based Colorado Measures of Academic Success (CMAS) testing platforms.

Other Diversified Inflows: The remaining 11 percent of the School's revenue portfolio is distributed across operating grants (4 percent), capital grants (4 percent), unrestricted investment earnings (2 percent), and miscellaneous revenue items (1 percent). These resources provide supplemental support for targeted educational programming and facility maintenance.

Figure A-4 Governmental Activities - Expenses by Function



Increases in expenses for certain programs and functions

Despite structural cost increases related to delivering core educational services, total expenditures for the School's governmental activities remained consistent with prior-year levels. The School's resource allocation across major functional categories is evaluated below:

Instructional Programs: Instruction represents the School's largest functional expense category, comprising 45 percent of total governmental activities expenditures at **$4,305,208**. Year-over-year classroom spending experienced a modest increase, which reflects strategic investments in competitive teacher salaries and associated benefits designed to maximize staff retention.

Supporting Services: Conversely, Supporting Services represents the second-largest functional expense category, accounting for 44 percent of total governmental expenditures. Reflecting targeted management efficiencies and administrative cost-containment measures, supporting services expenses declined by 5.1 percent compared to fiscal year 2025, effectively offsetting the increased investments made within the classroom.

Interest on Long-Term Debt: Interest expense on long-term debt totaled **$1,088,340**, representing approximately 11 percent of total expenditures. This reflects a nominal decrease of 0.8 percent compared to fiscal year 2025. This baseline contraction is primarily due to the natural mathematical progression of the School's fixed-rate facility debt amortization schedules, where annual principal reductions lower the outstanding interest basis. This scheduled reduction was marginally offset by minor interest charges incurred through newly capitalized long-term equipment contracts executed in compliance with GASB Statement No. 87.

Net position and GASB 68 (pensions) and GASB 75 (OPEB)

The School participates in the statewide Public Employees' Retirement Association (PERA) pension and Other Post-Employment Benefits (OPEB) programs administered by Colorado PERA. In compliance with GASB 68 and GASB 75, the School records its actuarially determined, proportional share of the State's net pension liability, net OPEB liability, and related deferred inflows and outflows of resources. Because these long-term valuation metrics are highly complex and subject to significant annual market volatility, additional detailed information is disclosed within Notes 7 and 8 of the Financial Statements.

Table A-1.1
Net Position Excluding Pension and OPEB Related Items

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Total net position	$ (5,912,035)	$ (4,899,593)	20.7%
Add net pension liability	6,139,987	6,978,995	-12.0%
Add OPEB liability	67,855	123,827	-45.2%
Add deferred pension inflows	857,457	34,964	2352.4%
Add deferred OPEB inflows	75,795	66,895	13.3%
Less deferred pension outflows	(1,053,937)	(1,768,870)	-40.4%
Less deferred OPEB outflows	(56,051)	(81,918)	-31.6%
Total net position excluding pension and OPEB related items	$ 119,071	$ 454,300	-73.8%

Other changes in net position

To provide a more complete assessment of day-to-day operational health, a reconciliation is presented above Table A-1.1 to isolate the impact of these long-term, non-cash liabilities and demonstrate what the School's ending net position would be if these statutory retirement obligations were excluded.

GOVERNMENTAL FUNDS

The School, reports two major funds individually in the governmental fund financial statements. Those funds are the general fund and the building corporation fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the School's, current financial health are more apparent in the fund financial statements than in the government-wide financial statements. Those two major funds are shown in Table A-3 and are discussed in more detail.

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

As of June 30, 2026, the School's governmental funds reported a combined ending fund balance of $4,701,453, representing a net decrease of $(169,591) from the prior year. This financial performance reflects a structural divergence between day-to-day operating activities and long-term facility funding, as analyzed below:

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

	General Fund		Building Corporation Fund	
	2026	2025	2026	2025
Revenues				
Local sources	$ 684,411	$ 591,588	$ 1,516,355	$ 1,368,806
State sources	6,154,981	6,994,475	-	-
Federal sources	149,443	75,015	-	-
Total revenues	6,988,835	7,661,078	1,516,355	1,368,806
Expenditures				
Instruction	3,787,008	3,725,385	-	-
Supporting services	3,610,558	3,750,024	81,021	64,278
Debt service	20,653	11,203	1,271,006	1,268,944
Total Expenditures	7,418,219	7,486,612	1,352,027	1,333,222
Excess (deficiency) of revenues over expenditures	(429,384)	174,466	164,328	35,584
Other financing sources (uses)				
Long-term debt proceeds	95,465	-	-	-
Transfers	-	22,119	-	(22,119)
Total other financing sources (uses)	95,465	22,119	-	(22,119)
Net change in fund balances	(333,919)	196,585	164,328	13,465
Fund balance - beginning	4,358,945	4,162,360	512,099	498,634
Fund balance - ending	$ 4,025,026	$ 4,358,945	$ 676,427	$ 512,099

General fund

The General Fund is the primary operating fund of the School, tracking the financial resources assigned to basic educational and administrative functions.

- **Revenue Drivers:** Total General Fund revenues decreased by 8.8 percent, falling from $7,661,078 in fiscal year 2025 to $6,988,835 in 2026. This contraction was driven by a $839,494 drop in state revenue allocations, in which local resource growth of $92,823 and expanded federal program funding of $74,428 could not fully mitigate.
- **Expenditure Control:** Management actively contained overall operating costs, reducing total General Fund expenditures by 0.9 percent to $7,418,219. Operational efficiencies allowed the School to reduce supporting services costs by $139,466. These savings were strategically reallocated directly into classroom environments to protect student priorities, resulting in a modest 1.7 percent increase in instruction costs.
- **Fund Balance Resiliency:** Because operating expenditures outpaced incoming revenue, the fund experienced an initial operational deficiency of $(429,384). The inclusion of $95,465 in long-term debt proceeds served as a stabilizing fiscal buffer, narrowing the net annual reduction to $(333,919). The General Fund maintains a healthy, positive ending fund balance of $4,025,026 available for future operational allocations.

Building Corporation Fund Capital Activity

The Building Corporation Fund handles dedicated resources earmarked for capital facility commitments and related debt service covenants.

- **Financial Position:** Local revenue collections within this fund increased by 10.8 percent, reaching $1,516,355. Total expenditures—the vast majority consisting of $1,271,006 in principal and interest obligations—remained tightly aligned with established debt schedules.
- **Fund Balance Growth:** The fund successfully generated an excess of revenues over expenditures of $164,328, requiring no interfund transfer support from the operating budget. This generation of additional revenue is funded by the School and designated for a reserve account, specifically for a five-year capital needs assessment that was identified through a third-party consultant. The strong structural performance increased the fund's ending balance to $676,427, ensuring compliance with dedicated facility funding requirements.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

At fiscal year-end, the School's long-term obligations consisted of outstanding facility financing through the Building Corporation and long-term equipment contracts. In compliance with GASB Statement No. 87 (Leases), the School recognized $95,465 in new long-term lease obligations during fiscal year 2026. This entry represents the capitalization of multi-year printer and copier equipment contracts extending

beyond one year, establishing a right-to-use asset and a corresponding long-term liability on the Statement of Net Position.

Additionally, scheduled debt service commitments within the Building Corporation Fund were fully satisfied, expending $1,271,006 in principal and interest obligations. Detailed disclosures regarding these lease schedules and long-term liabilities are available in Note 5-Leases and Note 6-Long Term Liabilities of the financial statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Liberty Tree Academy builds its annual budget using the clearest, most accurate information available at the time of adoption. Leadership constantly monitors economic conditions, state legislation, and student enrollment trends to keep the school steady and well-funded. The key items listed below will have the biggest impact on our budget for fiscal year 2026 and beyond.

1. Enrollment and Growth
2. Employee Compensation and Operational Costs

Enrollment and Growth

For the 2026-2027 school year, Liberty Tree Academy will be in its ninth year. With the hiring of a new headmaster, Harold Siegel, for the 2025-2026 school year, we began a renewal of the school as a Hillsdale K-12 Curriculum school. This renewal entails a commitment to Hillsdale K-12 Best Practices which include areas of governance, leadership, curriculum, pedagogy, and culture. The goal is to work to return to the status of a Hillsdale K-12 Member School which was lost in the first two years of the school's history. Between those first years and prior to the 2025-2026 year, the school experienced considerable mission-drift. The renewal effort has dramatically reoriented the school. This process has involved bringing in strong, mission-centered faculty and staff. It is a challenge to enrollment since intentionally adhering to the mission and vision of the school has caused some families who came during the school's years of mission-drift to depart. We are in year two of renewal in a three-to-five-year process. Our CMAS scores and CDE school performance rose from a 61.2 to a 69.1. We are also the second highest preforming high school in our district and have earned a second year of distinction.

Employee Compensation & Operational Costs

When founded, the LTA faculty salaries were extremely uncompetitive. This low level of compensation made it difficult to attract and retain quality teachers. In fact, many of the longest serving faculty are retired military or from two income families with the spouse earning more than the LTA employee. The success of a school depends almost wholly on having well-educated faculty who love learning and want to share their love of learning with children. We have raised salaries in the past two years to be more competitive with other local charter schools. In terms of compensation, we cannot compete with our District's public schools.

REQUESTS FOR INFORMATION

This MD&A is intended to provide taxpayers, parents, employees, creditors, investors, oversight agencies, and other interested parties with a general overview of Liberty Tree Academy's financial position and to demonstrate the School's commitment to responsible stewardship of the resources entrusted to it.

Questions concerning any of the information presented in this report or requests for additional financial information should be directed to:

Business Office
Liberty Tree Academy
8579 Eastonville Road
Falcon, Colorado 80831

Additional information about Liberty Tree Academy, including financial reports, programs, and services, is available on the School's website.

BASIC FINANCIAL STATEMENTS

LIBERTY TREE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and investments	$ 4,062,485
Restricted cash and investments	678,671
Grants receivable	29,468
Intergovernmental receivables	140,539
Other receivables	72,548
Deposits	4,000
Prepaid items	14,683
Capital assets not being depreciated	1,017,645
Capital assets, net of accumulated depreciation/amortization	11,366,594
Total Assets	17,386,633
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges	1,054,395
Deferred pension outflows	1,053,937
Deferred OPEB outflows	56,051
Total Deferred Outflows of Resources	2,164,383
LIABILITIES	
Accounts payable and other accrued liabilities	144,157
Accrued salaries and benefits	149,216
Unearned revenue	7,568
Accrued interest payable	85,483
Long-term liabilities	
Due within one year	266,928
Due in more than one year	17,668,605
Net pension liability	6,139,987
Net OPEB liability	67,855
Total Liabilities	24,529,799
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	857,457
Deferred OPEB inflows	75,795
Total Deferred Inflows of Resources	933,252
NET POSITION	
Net investment in capital assets	(4,496,900)
Restricted for:	
Emergencies	250,083
Debt Service	597,188
Unrestricted	(2,262,406)
Total Net Position (deficit)	$ (5,912,035)

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

LIBERTY TREE ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 4,305,208	$ 164,593	$ 330,891	$ -	$ (3,809,724)
Supporting services	4,147,346	1,493,030	21,958	302,435	(2,329,923)
Interest	1,088,340	-	-	-	(1,088,340)
Total governmental activities	$ 9,540,894	$ 1,657,623	$ 352,849	$ 302,435	(7,227,987)
General revenues:					
Per pupil revenue					5,695,986
Mill levy override					301,542
Grants and contributions not restricted to specific programs					5,458
Unrestricted investment earnings					137,145
Miscellaneous					75,414
Total general revenues					6,215,545
Change in net position					(1,012,442)
Net position - beginning (deficit)					(4,899,593)
Net position - ending (deficit)					$ (5,912,035)

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

LIBERTY TREE ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Building Corp Fund	Total
ASSETS			
Cash and investments	$ 4,062,485	$ -	$ 4,062,485
Restricted cash and investments	-	678,671	678,671
Grants receivable	29,468	-	29,468
Intergovernmental receivables	140,539	-	140,539
Other receivables	72,548	-	72,548
Due from other funds	6,244	-	6,244
Deposits	-	4,000	4,000
Prepaid items	14,683	-	14,683
Total Assets	$ 4,325,967	$ 682,671	$ 5,008,638
LIABILITIES			
Accounts payable and other accrued liabilities	$ 144,157	$ -	$ 144,157
Due to other funds	-	6,244	6,244
Accrued salaries and benefits	149,216	-	149,216
Unearned revenue	7,568	-	7,568
Total Liabilities	300,941	6,244	307,185
FUND BALANCE			
Non-spendable	14,683	-	14,683
Restricted for:			
Debt Service	-	676,427	676,427
Emergencies	250,083	-	250,083
Unassigned	3,760,260	-	3,760,260
Total Fund Balance	4,025,026	676,427	4,701,453
Total Liabilities and Fund Balance	$ 4,325,967	$ 682,671	$ 5,008,638

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

LIBERTY TREE ACADEMY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

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

Total Fund Balance of Governmental Funds		$ 4,701,453
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated	$ 1,017,645	
Capital assets being depreciated	11,366,594	12,384,239
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Deferred charges	$ 1,054,395	
Loan payable	(17,840,000)	
Lease payable	(95,533)	
Accrued interest payable	(85,483)	
Net pension liability	(6,139,987)	
Pension outflows	1,053,937	
Pension inflows	(857,457)	
Net OPEB liability	(67,855)	
OPEB outflows	56,051	
OPEB inflows	(75,795)	(22,997,727)
Total Net Position of Governmental Activities		$ (5,912,035)

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

LIBERTY TREE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Building Corp Fund	Total
REVENUES			
Local sources	$ 684,411	$ 1,516,355	$ 2,200,766
State sources	6,154,981	-	6,154,981
Federal sources	149,443	-	149,443
Total revenues	6,988,835	1,516,355	8,505,190
EXPENDITURES			
Instruction	3,787,008	-	3,787,008
Supporting services	3,610,558	81,021	3,691,579
Debt service			
Interest	5,533	1,036,006	1,041,539
Principal	15,120	235,000	250,120
Total expenditures	7,418,219	1,352,027	8,770,246
Excess (deficiency) of revenues over expenditures	(429,384)	164,328	(265,056)
OTHER FINANCING SOURCES (USES)			
Lease proceeds	95,465	-	95,465
Total other financing sources (uses)	95,465	-	95,465
Net change in fund balance	(333,919)	164,328	(169,591)
Fund balance, beginning	4,358,945	512,099	4,871,044
Fund balance, ending	$ 4,025,026	$ 676,427	$ 4,701,453

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

LIBERTY TREE ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

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

Net Change in Fund Balance of Governmental Funds		$ (169,591)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation/amortization expense	$ (388,161)	
Capital Outlays	114,668	(273,493)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.		
Loan principal payment	$ 235,000	
Lease principal payment	15,120	
Lease proceeds	(95,465)	
Amortization of deferred charges	(47,926)	
Interest expense	1,126	107,855
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Changes in pension related items	$ (698,418)	
Changes in OPEB related items	21,205	(677,213)
Change in Net Position of Governmental Activities		$ (1,012,442)

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Liberty Tree Academy (the School) was organized in 2018 pursuant to the Colorado Charter Schools Act to form and operate a charter school in the State of Colorado. The School is part of the El Paso County Colorado School District 49 (the District).

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

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by per pupil revenue and intergovernmental revenues.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The School reports the following major governmental funds:

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

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

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the School the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the School.

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

Cash and cash equivalents

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

Investments

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

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

Receivables

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

Prepaid items

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

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than $15,000 are reported as capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Buildings and improvements	20-40 years
Equipment	5-10 years

Accrued Salaries and Benefits

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

Unearned Revenue

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

Deferred outflows/inflows of resources

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

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

Leases

Lessee: The School is a lessee for a noncancellable lease of equipment. The School recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of $15,000 or more.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Long-term liabilities

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

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

Pensions

Liberty Tree Academy participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

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

Net position

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

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

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

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

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance classification

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

E. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences

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

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

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

F. ESTIMATES

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. UPCOMING ACCOUNTING AND REPORTING CHANGES

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Deposits	$ 1,071,834
Investments	3,669,322
Total	$ 4,741,156

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

Cash and investments	$ 4,062,485
Restricted cash and investments	678,671
Total	$ 4,741,156

Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School's deposits at June 30, 2026 was $1,071,834 and the bank balances were $731,563. Of the bank balances, $250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

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

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

Investment Type	Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
Money Market	$ 3,669,322	Amortized cost	Less than 90 days	AAA

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

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

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

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

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

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

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

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

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

	Due From Other Funds	Due To Other Funds
General Fund	$ 6,244	$ -
Building Corp Fund	-	6,244
Total	$ 6,244	$ 6,244

NOTE 4 - CAPITAL ASSETS

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

Governmental activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,017,645	$ -	$ -	$ 1,017,645
Total capital assets, not being depreciated	1,017,645	-	-	1,017,645
Capital assets being depreciated:				
Buildings and improvements	12,994,616	-	-	12,994,616
Furniture and equipment	283,538	19,203	-	302,741
Vehicles	65,000	-	-	65,000
Total capital assets being depreciated	13,343,154	19,203	-	13,362,357
Less accumulated depreciation for:				
Buildings and improvements	(1,470,336)	(324,865)	-	(1,795,201)
Furniture and equipment	(211,637)	(33,256)	-	(244,893)
Vehicles	(35,917)	(13,000)	-	(48,917)
Total accumulated depreciation	(1,717,890)	(371,121)	-	(2,089,011)
Total capital assets being depreciated, net	11,625,264	(351,918)	-	11,273,346
Lease assets being amortized:				
Furniture and equipment	48,294	95,465	(31,079)	112,680
Total lease assets being amortized	48,294	95,465	(31,079)	112,680
Less accumulated amortization for:				
Furniture and equipment	(33,471)	(17,040)	31,079	(19,432)
Total accumulated amortization	(33,471)	(17,040)	31,079	(19,432)
Total lease assets being amortized, net	14,823	78,425	-	93,248
Capital assets, net of accumulated depreciation/amortization	11,640,087	(273,493)	-	11,366,594
Total governmental activities capital assets	$ 12,657,732	$ (273,493)	$ -	$ 12,384,239

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

Governmental Activities

Supporting services	$ 388,161

NOTE 5 – LEASES

School as lessee

The School, as a lessee, has entered into lease agreements for equipment with lease terms of 5-6 years. The total costs of these right-to-use lease assets are recorded as $112,680, less accumulated amortization of $19,432. The School has determined that as of June 30, 2026, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2026 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2027	$ 21,928	$ 4,777	$ 26,705
2028	20,005	3,680	23,685
2029	20,000	2,680	22,680
2030	21,000	1,680	22,680
2031	12,600	630	13,230
Total	$ 95,533	$ 13,447	$ 108,980

NOTE 6 – LONG-TERM LIABILITIES

Building Loan

On September 29, 2020, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $18,700,000 Educational Facilities Revenue Bonds, Series 2020. Bond proceeds of the Series 2020 Bonds were loaned to the Building Corporation to construct phase II of the School's building and pay off the 2018 loan. The Building Corporation is required to make equal loan payments to the trustee, for payment of the Series 2020 Bonds. Interest payments are due in varying quarterly installments through 2050, at a rate of 5.75%. Principal payments are due semi-annually through June 1, 2050.

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

	Governmental Activities	
Fiscal Year Ending June 30	Principal	Interest
2027	$ 245,000	$ 1,022,494
2028	260,000	1,007,975
2029	275,000	992,881
2030	290,000	976,925
2031	310,000	959,963
2032-2036	1,830,000	4,507,960
2037-2041	2,440,000	3,906,838
2042-2046	3,235,000	3,105,300
2047-2050	8,955,000	1,717,892
Total	$ 17,840,000	$ 18,198,228

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

Governmental Activities	Beginning Balance	Debt Issued and Additions	Reductions	Ending Balance	Due Within One Year
Loan payable	$ 18,075,000	$ -	$ (235,000)	$ 17,840,000	$ 245,000
Leases	15,188	95,465	(15,120)	95,533	21,928
Net pension liability	6,978,995	698,418	(1,537,426)	6,139,987	-
Net OPEB liability	123,827	6,644	(62,616)	67,855	-
Total Governmental Activities	$ 25,193,010	$ 800,527	$ (1,850,162)	$ 24,143,375	$ 266,928

Loans are liquidated in the Building Corp fund. All other long-term liabilities are liquidated in the General fund.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Liberty Tree Academy are provided with pensions through the 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2025. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

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

In all cases the service retirement benefit is limited to 100% of highest average salary and 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% or 100% 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.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2026: Eligible employees of, Liberty Tree Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2025 through June 30, 2026. Employer contribution requirements are summarized in the table below:

	July 1, 2025 Through June 30, 2026
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	**20.38%**

*Contribution rates for the SCHDTF 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 Liberty Tree Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Liberty Tree Academy were $644,418 for the year ended June 30, 2026.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. For 2025, a portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and DPS Division Trust Fund. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual Direct Distribution.

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

The net pension liability for the SCHDTF was measured as of December 31, 2025, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TPL to December 31, 2025. The Liberty Tree Academy proportion of the net pension liability was based on Liberty Tree Academy contributions to the SCHDTF for the calendar year 2025 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2026, the Liberty Tree Academy reported a liability of $6,139,987 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Liberty Tree Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Liberty Tree Academy were as follows:

Liberty Tree Academy proportionate share of the net pension liability	$	6,139,987
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Liberty Tree Academy		577,017
Total	$	6,717,004

At December 31, 2025, the Liberty Tree Academy proportion was 0.0393691767%, which was a decrease of 0.0010772800% from its proportion measured as of December 31, 2024.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2026, the Liberty Tree Academy recognized pension expense of $1,342,836 and revenue of $84,384 for support from the State as a nonemployer contributing entity. At June 30, 2026, the Liberty Tree Academy 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	$ 369,533	$ -
Changes of assumptions or other inputs	30,141	-
Net difference between projected and actual earnings on pension plan investments	-	736,569
Changes in proportion and differences between contributions recognized and proportionate share of contributions	317,615	120,888
Contributions subsequent to the measurement date	336,648	N/A
Total	$ 1,053,937	$ 857,457

$336,648 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, 2027. 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:	
2027	$ 586,340
2028	(278,250)
2029	(262,205)
2030	(186,053)
2031	-
Thereafter	-

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The December 31, 2024, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	4.00% – 13.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females:** 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the PERA Board on January 17, 2025.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, reflecting the prior increases as required by SB 18-200 and the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at the current fixed statutory rates specified in law for each year, reflecting the prior increases as required by SB 18-200 and the 2018 and 2020 AAP assessments. Employer contributions also include current and future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual direct distribution. The annual direct distribution ceases when all Division Trust Funds are fully funded.

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

- The AIR balance was excluded from the initial FNP because, per statute, AIR amounts cannot be used to pay benefits until they are transferred out of the AIR to the appropriate accounts for retirement and survivor benefit payments. Estimated transfers from the AIR and the related benefit payments were included in the projections.

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

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current plan members and were not projected to reach a depletion date. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 8,686,343	$ 6,139,987	$ 4,007,732

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the Liberty Tree Academy are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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 the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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

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

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

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

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF. Effective July 1, 2026, HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Liberty Tree Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Liberty Tree Academy were $32,253 for the year ended June 30, 2026.

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

At June 30, 2026, the Liberty Tree Academy reported a liability of $67,855 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2025, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TOL to December 31, 2025. The Liberty Tree Academy proportion of the net OPEB liability was based on Liberty Tree Academy contributions to the HCTF for the calendar year 2025 relative to the total contributions of participating employers to the HCTF.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

At December 31, 2025, the Liberty Tree Academy proportion was 0.0251825857%, which was a decrease of 0.0007135669% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, the Liberty Tree Academy recognized OPEB expense of $11,047. At June 30, 2026, the Liberty Tree Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 27,456
Changes of assumptions or other inputs	745	32,937
Net difference between projected and actual earnings on OPEB plan investments	-	10,837
Changes in proportion and differences between contributions recognized and proportionate share of contributions	38,457	4,565
Contributions subsequent to the measurement date	16,849	N/A
Total	$ 56,051	$ 75,795

$16,849 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2027	$ (1,894)
2028	(11,321)
2029	(8,882)
2030	(7,176)
2031	(4,107)
Thereafter	(3,213)

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The December 31, 2024 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	4.00% - 13.40%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.00% in 2025, gradually decreasing to 4.50% in 2035
Medicare Part A premiums	3.50% in 2025, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Each year the per capita health care costs are developed by plan option. As of the December 31, 2024, actuarial valuation, costs are based on 2025 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. MAPD premium costs are not age graded, an allowed exception under Section 3.7.7 (c) of Actuarial Standard of Practice No. 6.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	$4,188	$8,928
MAPD PPO #2	2,028	5,508
MAPD HMO (Kaiser)	2,040	7,596

The 2025 Medicare Part A premium is $518 per month.

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

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

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2025	8.00%	3.50%
2026	7.65%	3.75%
2027	7.30%	3.75%
2028	6.95%	4.00%
2029	6.60%	4.00%
2030	6.25%	4.25%
2031	5.90%	4.25%
2032	5.55%	4.25%
2033	5.20%	4.50%
2034	4.85%	4.50%
2035+	4.50%	4.50%

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Mortality assumptions used in the December 31, 2024, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2024, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
School Division	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2024, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2025 plan year.

- The health care cost trend rates applicable to health plan premiums were revised to reflect the current expectation of future increases in those premiums.

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the Board on January 17, 2025.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	6.65%	7.65%	8.65%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$65,034	$67,855	$71,048

[1]For the January 1, 2026, plan year.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2024, and the financial status of the HCTF as of the current measurement date (December 31, 2025). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2025, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. The current employer contribution rate for the HCTF is 1.02% of salary. HB26-1400, effective July 1, 2026, reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

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

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

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

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members and were not projected to reach a depletion date. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$93,423	$67,855	$45,803

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 9 - RISK MANAGEMENT

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

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants

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

NOTE 11 - TAX, SPENDING, AND DEBT LIMITATIONS

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

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2026 there is a $250,083 reservation of fund balance in the General Fund for the amendment.

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

REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY TREE ACADEMY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net pension liability (asset)	0.0393691767%	0.0404464567%	0.0376225944%	0.0288610964%	0.0311410312%	0.0302234798%	0.0197278145%	0.0161201190%
Employer's proportionate share of the net pension liability (asset)	$ 6,139,987	$ 6,978,995	$ 6,652,962	$ 5,255,451	$ 3,623,996	$ 4,569,181	$ 2,947,293	$ 2,854,398
State's proportionate share of the net pension liability (asset) associated with the Employer	577,017	626,825	145,880	1,531,491	415,445	-	373,827	390,299
Total	$ 6,717,004	$ 7,605,820	$ 6,798,842	$ 6,786,942	$ 4,039,441	$ 4,569,181	$ 3,321,120	$ 3,244,697
Employer's covered payroll	$ 3,191,358	$ 3,125,485	$ 2,487,193	$ 2,226,300	$ 1,946,216	$ 1,616,394	$ 1,159,331	$ 886,210
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	192.39%	223.29%	267.49%	236.06%	186.21%	282.68%	254.22%	322.09%
Plan fiduciary net position as a percentage of the total pension liability	71.7%	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%

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

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

See the accompanying independent auditors' report.

LIBERTY TREE ACADEMY
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019
Contractually required contribution	$ 644,418	$ 662,905	$ 595,257	$ 468,850	$ 421,747	$ 348,732	$ 267,223	$ 181,113
Contributions in relation to the contractually required contribution	(644,418)	(662,905)	(595,257)	(468,850)	(421,747)	(348,732)	(267,223)	(181,113)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 3,162,014	$ 3,252,726	$ 2,920,790	$ 2,300,538	$ 2,121,465	$ 1,754,187	$ 1,378,861	$ 946,748
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%

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

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

See the accompanying independent auditors' report.

LIBERTY TREE ACADEMY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHOOL DIVISION TRUST FUND
JUNE 30, 2026

NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Plan Provisions Since 2024

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500,000 on or after July 1, 2025, and before October 1, 2025. These dollars are held by PERA in a custodial capacity on behalf of the State of Colorado to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an automatic adjustment provision (AAP) assessment ratio below the 98% benchmark and the alternative allocation method results in an AAP ratio that meets or exceeds the 98% benchmark.

HB 26-1400, enacted June 1, 2026, and effective July 1, 2026, modifies the allocation of the direct distribution. Beginning with the direct distribution on July 1, 2026, and annually thereafter, PERA is required to allocate the direct distribution to the Division Trust Funds on an actuarial basis. HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Assumptions or Other Inputs Since 2024

There were no changes made to the actuarial methods or assumptions.

LIBERTY TREE ACADEMY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
HEALTH CARE TRUST FUND
JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability (asset)	0.0251825857%	0.0258961526%	0.0225075121%	0.0219224124%	0.0203326675%	0.0174575112%	0.0128825389%	0.0104780992%
Employer's proportionate share of the net OPEB liability (asset)	$ 67,855	$ 123,827	$ 160,642	$ 178,992	$ 175,330	$ 165,886	$ 144,799	$ 142,559
Employer's covered payroll	$ 3,191,358	$ 3,125,485	$ 2,487,193	$ 2,226,300	$ 1,946,216	$ 1,616,394	$ 1,159,331	$ 886,210
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.13%	3.96%	6.46%	8.04%	9.01%	10.26%	12.49%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability	76.1%	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%

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

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

See the accompanying independent auditors' report.

LIBERTY TREE ACADEMY
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS
HEALTH CARE TRUST FUND
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019
Contractually required contribution	$ 32,253	$ 33,178	$ 29,792	$ 23,467	$ 21,640	$ 17,894	$ 14,066	$ 9,658
Contributions in relation to the contractually required contribution	(32,253)	(33,178)	(29,792)	(23,467)	(21,640)	(17,894)	(14,066)	(9,658)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 3,162,014	$ 3,252,726	$ 2,920,790	$ 2,300,538	$ 2,121,465	$ 1,754,187	$ 1,378,861	$ 946,748
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

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

See the accompanying independent auditors' report.

LIBERTY TREE ACADEMY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
HEALTH CARE TRUST FUND
JUNE 30, 2026

NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Plan Provisions Since 2024

There were no changes made to plan provisions.

NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2025 Changes in Assumptions or Other Inputs Since 2024

There were no significant changes made to the actuarial methods or assumptions.

LIBERTY TREE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget	Actual Amounts	Variance with Final Budget
	Original	Final			
REVENUES					
Local sources	$ 613,821	$ 683,884	$ 70,063	$ 684,411	$ 527
State sources	6,838,373	6,075,955	(762,418)	6,154,981	79,026
Federal sources	73,465	77,353	3,888	149,443	72,090
Total revenues	7,525,659	6,837,192	(688,467)	6,988,835	151,643
EXPENDITURES					
Instruction	4,002,301	3,840,136	162,165	3,787,008	53,128
Supporting services	4,084,711	4,106,925	(22,214)	3,610,558	496,367
Debt service:					
Interest	-	-	-	5,533	(5,533)
Principal	-	-	-	15,120	(15,120)
Total expenditures	8,087,012	7,947,061	139,951	7,418,219	528,842
Excess (deficiency) of revenues over expenditures	(561,353)	(1,109,869)	(548,516)	(429,384)	680,485
OTHER FINANCING SOURCES (USES)					
Lease proceeds	-	-	-	95,465	95,465
Total other financing sources (uses)	-	-	-	95,465	95,465
Net change in fund balances	(561,353)	(1,109,869)	(548,516)	(333,919)	775,950
Fund balances - beginning	4,115,458	4,358,945	243,487	4,358,945	-
Fund balance - ending	$ 3,554,105	$ 3,249,076	$ (305,029)	$ 4,025,026	$ 775,950

See the accompanying Independent Auditors' Report.

LIBERTY TREE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING CORP FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget	Actual Amounts	Variance with Final Budget
	Original	Final			
REVENUES					
Local sources	$ 1,424,130	$ 1,514,146	$ 90,016	$ 1,516,355	$ 2,209
Total revenues	1,424,130	1,514,146	90,016	1,516,355	2,209
EXPENDITURES					
Supporting services	135,600	171,721	(36,121)	81,021	90,700
Debt service:					
Interest	1,036,006	1,036,006	-	1,036,006	-
Principal	235,000	235,000	-	235,000	-
Total expenditures	1,406,606	1,442,727	(36,121)	1,352,027	90,700
Excess (deficiency) of revenues over expenditures	17,524	71,419	53,895	164,328	92,909
Fund balances - beginning	498,634	519,099	20,465	512,099	(7,000)
Fund balance - ending	$ 516,158	$ 590,518	$ 74,360	$ 676,427	$ 85,909

See the accompanying Independent Auditors' Report.

LIBERTY TREE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

Budgetary Information

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

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

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

General Fund Budgetary Highlights

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

Revenue source	Original Budget	Final Budget	Difference
State Sources	6,838,373	6,075,955	(762,418)

Expenditures	Original Budget	Final Budget	Difference
Instruction	4,002,301	3,840,136	162,165

While state-level funding adjustments resulted in an approximate $762,000 decrease in Per-Pupil Revenue (PPR) due to enrollment levels, the School responded with proactive fiscal stewardship. Management successfully offset some of the shortfall by implementing strategic staffing efficiencies. By consolidating class sections per teacher, the School optimized resource utilization. This operational adjustment allowed the School to reduce instructional expenditures by $162,165.

LIBERTY TREE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
JUNE 30, 2026

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

Revenue source	Final Budget	Actual revenues	Difference
State Sources	6,075,955	6,154,981	79,026
Federal Sources	77,353	149,443	72,090

Expenditures	Final Budget	Actual expenditures	Difference
Supporting Services	4,106,925	3,610,558	496,367

Other Financing Sources (Uses)	Final Budget	Actual expenditures	Difference
Lease Proceeds	-	95,465	95,465

Actual financial results exceeded budget by $79,026 in State Sources, primarily because of successful recovery of multi-year, overdue funds from the Colorado Department of Labor and Employment (CDLE), Unemployment Insurance (UI) division. Additionally, for Federal Sources, the School was able to secure a grant for Facilities Assistance of $72,490 in revenue. During the amended budget process, this positive variance materialized because the school's Individuals with Disabilities Education Act (IDEA) allocations were inadvertently omitted when aggregating the new revenue figures.

On the expenditure side, Supporting Services realized substantial cost efficiencies, finishing $496,367 under budget due to disciplined cost-containment, personnel adjustments, and shifting project timelines. Key operational drivers included lower-than-anticipated spending in facilities repair and transportation maintenance, alongside the non-use of budgeted contingency funds. Furthermore, Liberty Tree Academy achieved significant personnel savings within support staff salaries. This overall variance was also impacted by a planned emergency communication upgrade originally scheduled for the 2025–26 fiscal year, which was deferred to the 2026–27 school year due to vendor-side delays

These savings were complemented by a $95,465 variance in Lease Proceeds, reflecting a strategic capital upgrade through a newly structured printer contract that optimized our operational financing."

Building Corp Fund Budgetary Highlights

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

Revenue source	Original Budget	Final Budget	Difference
Local Sources	1,424,130	1,514,146	90,016

Expenditures	Original Budget	Final Budget	Difference
Supporting Services	135,600	171,721	(36,121)

The Building Corp.'s Local Source revenue increased by $90,016 in the amended budget. This adjustment reflects recalculated rental income for the Capital Needs Assessment (CNA) and rising interest trends. Concurrently, amended expenditures increased by $36,121 to align with planned CNA project spending for the 2025–26 school year.

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

Expenditures	Final Budget	Actual expenditures	Difference
Supporting Services	171,721	81,021	90,700

Supporting Services expenditures finished $90,700 under budget, primarily due to shifting timelines for planned Capital Needs Assessment (CNA) projects. Certain infrastructure items originally scheduled for completion during the fiscal year were deferred to the 2026-27 fiscal year, resulting in lower-than-anticipated actual spending.