

VENTURE PREP
BASIC FINANCIAL STATEMENTS
June 30, 2011

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FINANCIAL SECTION



**JOHN CUTLER
& ASSOCIATES**

Board of Directors
Venture Prep
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of Venture Prep, component unit of the Denver Public School District, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of Venture Prep, as listed in the table of contents. These financial statements are the responsibility of Venture Prep's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Venture Prep, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

John Cutler & Associates, LLC

August 26, 2011

Management's Discussion and Analysis

As management of Venture Prep, we offer readers of Venture Prep's financial statements our narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011, the second year of operations as a school, but the first year as a new entity, Venture Prep.

In 2010, the Board of Directors from Envision Leadership Prep and Denver Venture School voted to collaborate and open as a new entity on July 1, 2010, Venture Prep. Through this *asset purchase*, Envision Leadership Prep purchased the assets of Denver Venture School for \$1. The assets included furniture, fixtures, equipment, curriculum, etc., and are recognized on the audited financials at a combined estimated value. Additionally, the two schools combined staff and student members that are now actively part of Venture Prep.

Financial Highlights

The assets of Venture Prep exceeded its liabilities at the close of the most recent fiscal year by \$1,062,137 (net assets).

At the close of the fiscal year Venture Prep's governmental funds reported a combined ending fund balance of \$1,062,137, an increase of \$147,713 all of which was in General Fund.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Venture Prep's basic financial statements. Venture Prep's basic financial statements are comprised of three components: 1) government-wide financial statements. 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Venture Prep's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Venture Prep's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Venture Prep is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of Venture Prep supported primarily by Per Pupil Operating Revenue or other revenues passed through from the District (Denver Public Schools). The governmental activities of Venture Prep include instruction and supporting services.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Venture Prep, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Venture Prep are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Venture Prep maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital reserve fund, because both are considered to be major funds.

Venture Prep adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided for the funds to demonstrate compliance with the budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 6-12.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the School’s financial position. In the case of Venture Prep, assets exceeded liabilities by \$1,062,137 in FY 2010/2011, the close of the most recent fiscal year.

Venture Prep’s Net Assets Governmental Activities	
ASSETS	<u>June 30, 2011</u>
Cash and investment	\$1,102,636
Cash Held by the District	71,935
Accounts Receivable	64,276

Total Assets	1,238,847
LIABILITIES	
Accounts Payable	10,908
Accrued Salaries and Benefits	165,802

Total Liabilities	176,710
NET ASSETS	
Restricted for Emergencies	86,000
Unrestricted	976,137

TOTAL NET ASSETS	\$ 1,062,137 =====

The largest portion of Venture Prep’s assets is in cash and investments @ 95% in 2010.

Venture Prep's Statement of Activities
Governmental
Activities

Year Ended
June 30, 2011

REVENUE	
Per Pupil Revenue	\$2,633,052
Mill Levy Override	49,805
Capital Construction	15,641
Operating Grants	732,617
Charges for Services	4,501
Investment Earnings	3,162
Other	24,585
Transfer of Assets from DVS	115,198

Total Revenue	3,578,561
EXPENSES	
Instructional	1,876,525
Supporting Services	1,554,323

Total Expenses	3,430,848
Changes in Net Assets	147,713
Net Assets Beginning	914,424

Net Assets Ending	\$1,602,137
	=====

The largest portion of Venture Prep's revenues came from operating grants and per pupil revenue – 20% and 74%, respectively in 2011.

Financial Analysis of the Government's Funds

As noted earlier, Venture Prep uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of Venture Prep’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Venture Prep’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School’s General Fund reported an ending fund balance of \$1,062,137, an increase of \$147,713.

General Fund Budgetary Highlights

The School approved a final budget in May based on enrollment projections for the following school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the school had some variances between its final budgeted and actual activities. On the revenue side, the school recognized approximately \$57,290 in additional revenues due to additional funds received through per pupil revenue and general operating grants. Additionally, expenses remained \$224,374 under budget in an effort to remain compliant with Statute.

Capital assets & Long-Term Debt

Venture Prep has no investments in capital assets or long-term debt obligations.

Economic Factors and Next Year’s Budget

The primary factor driving the budget for Venture Prep is student enrollment. Enrollment for the 2010-2011 school year was 357 funded students. The projected enrollment for the 2011-2012 school year at 400. Given the declining State economic conditions with per pupil funding, the increased student population will Venture Prep solidify the operations for Venture Prep as it takes on its third school year.

Requests for Information

This financial report is designed to provide a general overview of Venture Prep’s finances for all those with an interest in the School’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the school’s Financial Director:

Lori Deacon
Venture Prep
2540 Holly Street
Denver, CO 80207

BASIC FINANCIAL STATEMENTS

VENTURE PREP

STATEMENT OF NET ASSETS

As of June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 1,102,636
Cash Held by the District	71,935
Account Receivable	<u>64,276</u>
 TOTAL ASSETS	 <u>1,238,847</u>
 LIABILITIES	
Accounts Payable	10,908
Accrued Salaries and Benefits	<u>165,802</u>
 TOTAL LIABILITIES	 <u>176,710</u>
 NET ASSETS	
Restricted for Emergencies	86,000
Unrestricted	<u>976,137</u>
 TOTAL NET ASSETS	 <u><u>\$ 1,062,137</u></u>

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

VENTURE PREP

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

<u>FUNCTIONS/PROGRAMS</u> PRIMARY GOVERNMENT Governmental Activities	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Instructional	\$ 1,876,525	\$ 4,501	\$ 611,558	\$ -	\$ (1,260,466)
Supporting Services	1,554,323	-	121,059	15,641	(1,417,623)
 Total Governmental Activities	<u>\$ 3,430,848</u>	<u>\$ 4,501</u>	<u>\$ 732,617</u>	<u>\$ 15,641</u>	<u>(2,678,089)</u>
		GENERAL REVENUES			
					Per Pupil Revenue 2,633,052
					Mill Levy Override 49,805
					Interest 3,162
					Other 24,585
		SPECIAL ITEM			
					Transfer of Assets from Denver Venture School <u>115,198</u>
		TOTAL GENERAL REVENUES			<u>2,825,802</u>
		CHANGE IN NET ASSETS			147,713
		NET ASSETS, Beginning			<u>914,424</u>
		NET ASSETS, Ending			<u>\$ 1,062,137</u>

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

VENUTRE PREP

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2011

	<u>GENERAL FUND</u>
ASSETS	
Cash	\$ 1,102,636
Cash Held by District	71,935
Accounts Receivable	<u>64,276</u>
TOTAL ASSETS	<u><u>\$ 1,238,847</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 10,908
Accrued Salaries and Benefits	<u>165,802</u>
TOTAL LIABILITIES	<u>176,710</u>
FUND BALANCES	
Restricted for Emergencies	86,000
Unassigned	<u>976,137</u>
TOTAL FUND BALANCES	<u>1,062,137</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,238,847</u></u>

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

VENTURE PREP

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	<u>GENERAL FUND</u>
REVENUES	
Local Sources	\$ 2,851,805
State and Federal Sources	<u>611,558</u>
TOTAL REVENUES	<u>3,463,363</u>
EXPENDITURES	
Current	
Instruction	1,876,525
Supporting Services	<u>1,554,323</u>
TOTAL EXPENDITURES	<u>3,430,848</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>32,515</u>
OTHER FINANCING SOURCES	
Gain on Purchase of Assets	<u>115,198</u>
NET CHANGE IN FUND BALANCES	<u>147,713</u>
FUND BALANCES, Beginning	<u>914,424</u>
FUND BALANCES, Ending	<u><u>\$ 1,062,137</u></u>

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

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Envision Leadership Prep was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Denver Public School District (the “District”) in the State of Colorado. On July 1, 2011 Envision Leadership Prep changed its name to Venture Prep (the “School”)

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

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

Based upon the application of these criteria, no additional organizations are includable in the School’s reporting entity. However, the School is a component unit of the Denver Public School District.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

The School reports the following major governmental fund:

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

Assets, Liabilities and Fund Balance/Net Assets

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

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expense. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include leasehold improvements, are reported in the governmental activities column in the government-wide financial statements. Capital 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method. The School did not have any capital assets that were required to be capitalized and depreciated as of June 30, 2011.

Net Assets/Fund Equity – In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed.

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 used in the governmental fund financial statements are as follows:

- Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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

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

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2011.
- 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

Compensated Absences

The School's policy allows employees to accumulate sick and vacation leave. However, any amounts accrued are not payable upon termination. Therefore, no liability for accumulated sick leave or vacation is reported in the financial statements.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial coverage for these risks of loss.

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2011, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2011, the School had deposits with financial institutions with a carrying amount of \$1,102,636. The bank balances with the financial institutions were \$1,148,927. Of these balances, \$250,000 was covered by federal depository insurance and \$898,927 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Pooled Cash with the District

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2011 the School's balance in equity in pooled cash of the District totaled \$71,935.

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 3: *CASH AND INVESTMENTS* (Continued)

Investments

Interest Rate Risk

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

Credit Risk

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

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

The School had no investments at June 30, 2011.

The School has no policy for managing credit risk.

NOTE 4: *ACCRUED SALARIES AND BENEFITS*

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2011, were \$165,802 in the General Fund.

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 5: PENSION PLAN

Defined Benefit Pension Plan

Plan Description. Beginning on January 1, 2010, the School contributes to the Denver Public Schools Retirement System Division of the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the School are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy. The School is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 % and for the School it is 3.63 % of the total payroll for the calendar year 2011, (2.41 % of total payroll for the calendar year 2010). If the School rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. For the year ending June 30, 2011 and 2010, the School's employer contributions for the SDTF were \$50,283 and \$9,763, respectively, equal to the required contributions for the year.

Taxable Pension Certificates of Participation (PCOPs)

The District issued Taxable Pension Certificates of Participation (PCOPs) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the Plan. Full funding of the UAAL reduced the employer contribution rate from the full funding rate of 15.75% to the normal cost rate of 4.98%. This rate is based upon actuarially determined contribution requirements, the approval and recommendation of the Plan's Board and approval of the District's Board of Education. The School contributed 10.39% and 10.72%, of covered payroll for the fiscal years ended June 30, 2011 and 2010, to the District to cover its obligation relating to the PCOPs.

During the fiscal year ended June 30, 2011 and 2010, the School made contributions totaling \$173,775 and \$105,219 to the District towards its PCOPs obligation.

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 6: COMMITMENTS AND CONTINGENCIES

Facility Use Agreement

In June 2009, the School entered into a one year facility use agreement with the District for their building. Under this agreement, the School is required to pay an annual use fee of \$177,988 in monthly installments. The agreement expired on June 30, 2011.

In June 2010, the School renewed its facility use agreement with the District. Under the terms of the new agreement, the School is required to pay an annual use fee of \$243,601, payable in monthly installments. The agreement expires on June 30, 2012.

Future minimum lease payments are as follows:

Year Ended

June 30

2012

\$ 243,601

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

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

As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2011, the reserve of \$86,000 was recorded as a reservation of fund balance in the General Fund. The District also holds \$71,935 in pooled cash on behalf of the School for this reserve.

VENTURE PREP

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE :7 TRANSFER OF ASSETS

On July 1, 2011 the School purchased the majority of assets from Denver Venture School for \$100. The estimated fair value of the assets was \$115,198. These assets were recorded as a transfer of assets and a corresponding capital outlay expense in the financial statements. As none of the assets met the capitalization threshold of the School there were no amounts recorded as capital assets in the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURE PREP
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2011

	ORIGINAL BUDGET	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 3,000,774	\$ 2,555,897	\$ 2,633,052	\$ 77,155
Mill Levy Override	43,579	49,805	49,805	-
Tuition and Fees	2,200	2,200	4,501	2,301
Grants and Donations	200,000	218,000	136,700	(81,300)
Interest	1,000	1,000	3,162	2,162
Other	-	-	24,585	24,585
State and Federal Sources				
Grants and Donations	236,190	579,171	611,558	32,387
TOTAL REVENUES	<u>3,483,743</u>	<u>3,406,073</u>	<u>3,463,363</u>	<u>57,290</u>
EXPENDITURES				
Salaries	1,680,697	1,807,411	1,749,771	57,640
Employee Benefits	459,348	482,383	362,239	120,144
Purchased Services	1,010,742	859,882	835,135	24,747
Supplies and Materials	111,000	214,767	217,780	(3,013)
Property	30,000	126,979	236,301	(109,322)
Other	52,563	38,800	29,622	9,178
Contingency	139,393	125,000	-	125,000
TOTAL EXPENDITURES	<u>3,483,743</u>	<u>3,655,222</u>	<u>3,430,848</u>	<u>224,374</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(249,149)</u>	<u>32,515</u>	<u>281,664</u>
OTHER FINANCING SOURCES				
Gain on Purchase of Assets	-	-	115,198	115,198
CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ (249,149)</u>	<u>147,713</u>	<u>\$ 396,862</u>
FUND BALANCE, Beginning			<u>914,424</u>	
FUND BALANCE, Ending			<u>\$ 1,062,137</u>	

See the accompanying independent auditors' report.