KIPP Colorado Schools
(A Component Unit of Denver Public Schools)

Independent Auditor’s Report and Financial Statements

June 30, 2021

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
June 30, 2021
KIPP Colorado Board of Directors
2020-2021

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KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
June 30, 2021

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Supplementary Information

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Independent Auditor's Report

Board of Directors
KIPP Colorado Schools
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of KIPP Colorado Schools (the Organization), a component unit of Denver Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Organization as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and OPEB information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The combining financial statements and budgetary comparison schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Directors
KIPP Colorado Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
October 21, 2021

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2021

As management of KIPP Colorado Schools, a charter school management organization (the Organization), we offer readers of the Organization's financial statements this narrative and analysis of the financial activities of KIPP Colorado Schools for the period from July 1, 2020 to June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements and footnotes.

Financial Highlights

- With the implementation of GASB 68 in FY 2014-2015, the government-wide financial statements of the Organization, like those of all Colorado PERA participants, changed significantly. This change consisted of the inclusion of a net pension liability as well as deferred inflows of resources, deferred outflows of resources, and expenses related to the pension plan. While these line items are material and create an overall deficit in the financial presentation on the government-wide financial statements, the GASB standard only impacts the accounting presentation of these pension related items, and does not impact the timing of the funding obligation of the Organization. A review of the governmental fund financial statements presents a more accurate depiction of the flow of funds for the Organization in the fiscal year. For further information on the GASB 68, see the attached statements and Note 5 in the Notes to the Financial Statements.

- The period from July 1, 2020 through June 30, 2021 covers the 17th year of operation for the Organization. The total fund balance at the end of the year according to the governmental fund balance sheet is $14,213,989, an increase of $2,195,917 compared to the prior year.

- The net position at the end of the year according to the government-wide financial statements is $2,322,020.

- The financial results of KIPP Colorado Schools under a government-wide accounting presentation are also materially impacted by the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* Prior to the implementation of GASB 75, postemployment benefits (OPEB) was only reported in the notes disclosure section. With the implementation of GASB 75, postemployment benefits are reported in both the statement of net position and the statement of activities. As of June 30, 2021, KIPP Colorado Schools' net OPEB liability is $475,617.

- For the Plan year ended December 31, 2020, the Collective Pension Expense of DPS division of Colorado PERA had a balance of $22,924,000. KIPP Colorado School's pension expense is $625,778 as of June 30, 2021. The net OPEB liability of DPS Health Care Trust Fund as of December 31, 2020 decreased by $13,945,000 from the previous year resulting in a credit to KIPP Colorado School's OPEB expense of $116,855 for the year ended June 30, 2021.

- The operations of the Organization are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was $21,190,826 compared to $21,544,927 the prior year, the slight decrease is due to the reduction in the amount per student funding. Enrollment did go up, however.

- The Organization operates six schools in addition to the Regional (School Services) Team: the original middle school in Southwest Denver (KIPP Sunshine Peak Academy, KSPA), a high school, also in Southwest Denver (KIPP Denver Collegiate, KDC), a second middle school in Green Valley Ranch (KIPP Northeast Denver Middle School, KNDMS), an elementary school which opened August 2016 in Green Valley Ranch (KIPP Northeast Elementary, KNE), a high school which opened August 2016 in Green Valley Ranch (KIPP Northeast Denver Leadership Academy, KNDLA), and an elementary school in Southwest Denver which opened August 2018 (KIPP Sunshine Peak Elementary, KSPE).

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Organization's financial statements. The statements are comprised of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements.

Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all the Organization's assets and deferred outflows of resources and liabilities and deferred inflow of resources, with the difference between the two being reported as total net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The S*tatement of Activities* presents information showing how the Organization's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Organization keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

At June 30, 2021, the Organization's assets and deferred outflows exceeded liabilities and deferred inflows by $2,322,020 in the government-wide financial statements. Of the total net position, $944,010 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. $473,797 is restricted for capital construction and $143,322 is the Net Investment in Capital Assets. Accordingly, this component of net position is not available to satisfy general operating expenses of the Organization.

Condensed Statement of Net Position

	2021	2020
Assets		
Current (noncapital)	$ 15,983,924	$ 13,936,521
Noncurrent (capital)	143,322	171,744
Total Assets	16,127,246	14,108,265
Deferred Outflows of Resources	8,828,975	5,110,166
Liabilities		
Current	1,769,935	1,918,449
Noncurrent liabilities		
Loan payable due within one year	-	1,790,414
Loan payable due more than one year	-	1,803,886
Net pension and OPEB liability	9,822,919	10,602,291
Total Liabilities	11,592,854	16,115,040
Deferred Inflows of Resources	11,041,347	6,034,243
Net Position (Deficit)		
Net investment in capital assets	143,322	171,744
Restricted for emergencies	944,010	878,242
Restricted for capital construction	473,797	293,186
Unrestricted deficit	760,891	(4,274,024)
Total Net Position (Deficit)	$ 2,322,020	$ (2,930,852)

Condensed Statement of Activities

	2021	2020
Revenues		
Charges for services	$ 10,219	$ 205,850
Grants and contributions	6,998,141	5,341,343
Per pupil revenue	21,190,826	21,544,927
Mill levy	7,167,750	5,909,893
Frogiveness of long term debt	3,594,300	-
Investment income	1,375	75,218
Miscellaneous	208,163	66,853
Total Revenues	39,170,774	33,144,084
Expenses		
Instruction		
General	17,964,320	15,339,357
Allocation of GASB 68 and 75 expense (credit)	326,592	433,329
Supporting services		
General	15,444,659	15,050,929
Allocation of GASB 68 and 75 expense (credit)	182,331	233,331
Total Expenses	33,917,902	31,056,946
Change in Net Position	5,252,872	2,087,138
Net Position (Deficit), Beginning of Year	(2,930,852)	(5,017,990)
Net Position (Deficit), End of Year	$ 2,322,020	$ (2,930,852)

The Organization increased the total number of students served from 2,548 to 2,608 (for all combined schools in operation in fiscal year 2021), which explains much of the increase in overall expenses. The increase in overall revenue is attributed to mill levy funding and COVID-19 supplemental funding. Increases in mill levy funding were due to an increase in students.

Financial Analysis of the Organization's Funds

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

As stated previously, as of June 30, 2021, the Organization's governmental fund reported an ending fund balance of $14,213,989. This amount represents an increase of $2,195,917 from the previous year.

General Fund Budgetary Highlights

The Organization presents an annual budget to the Board for monitoring and approval.

The Organization budgeted for expenditures of $36,910,436 for the year ended June 30, 2021. Actual budgetary expenditures were $37,503,756.

There was one budget amendment during the year. This amendment incorporated the actual student count and related programming changes following the original budget approval in Spring 2021.

Actual expenditures exceeded budgetary expenditures by $593,320 due to additional purchases related to the current COVID-19 climate within schools.

Capital Asset and Debt Administration

Capital Assets

The Organization's capital assets consist of modular buildings and equipment (transportation vans). There was no depreciation on equipment in 2020-2021 as equipment was fully depreciated and depreciation on buildings was $28,422. Total capital asset value at June 30, 2021, net of accumulated depreciation was $143,322.

Long-term Debt

As of June 30, 2021, the Organization has no long-term debt. The Paycheck Protection Program loan was forgiven in full on June 15, 2021.

Economic Factors and Next Year's Budget

The primary factor driving the budget for the Organization is student enrollment. Enrollment for the 2020-2021 school year was 2,608. Enrollment for the 2021-2022 school year is projected to be 2,544, including 390 students for KIPP Sunshine Peak Academy, 495 students for KIPP Denver Collegiate High School, 454 students for KIPP Northeast Denver Middle School, 496 students for KIPP Northeast Elementary, 545 students for KIPP Northeast Denver Leadership Academy and 164 students at KIPP Sunshine Peak Elementary. The Organization is aware of projected funding levels for fiscal 2021-2022 and budgets according to the current estimates provided by the Colorado Department of Education and Denver Public Schools.

Financial Statements

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	$ 14,590,269
Grants receivable	1,198,370
Prepaid expenses	195,285
Capital assets, net of accumulated depreciation	143,322
Total assets	16,127,246
Deferred Outflows of Resources	
Pension plan	8,506,154
OPEB	322,821
	8,828,975
Liabilities	
Accounts payable	966,866
Accrued liabilities	793,069
Unearned revenue	10,000
Noncurrent liabilities	
Due in more than one year	
Net pension liability	9,347,302
Net OPEB liability	475,617
Total liabilities	11,592,854
Deferred Inflows of Resources	
Pension plan	10,716,947
OPEB	324,400
	11,041,347
Net Position	
Net investment in capital assets	143,322
Restricted for emergencies	944,010
Restricted for capital construction	473,797
Unrestricted	760,891
Total net position	$ 2,322,020

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Statement of Activities
Year Ended June 30, 2021

		Program Revenues			Net Revenue (Expense) and Change in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities
Primary Government					
Governmental activities					
Instruction	$ 17,964,320	$ 10,219	$ 692,786	$ -	$ (17,261,315)
GASB 68 pension expense	402,548	-	-	-	(402,548)
GASB 75 OPEB expense (credit)	(75,956)	-	-	-	75,956
Supporting services	15,444,659	-	698,204	-	(14,746,455)
GASB 68 pension expense	223,230	-	-	-	(223,230)
GASB 75 OPEB expense (credit)	(40,899)	-	-	-	40,899
Total governmental activities	$ 33,917,902	$ 10,219	$ 1,390,990	$ -	(32,516,693)
General Revenues					
Per pupil revenue					21,190,826
District mill levy					7,167,750
Grants and contributions not restricted to specific programs					5,607,151
Forgiveness of long term debt					3,594,300
Investment income					1,375
Miscellaneous					208,163
Total general revenues					37,769,565
Change in Net Position					5,252,872
Net Position (Deficit), Beginning					(2,930,852)
Net Position, Ending					$ 2,322,020

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Balance Sheet
Governmental Fund
June 30, 2021

	General Fund
Assets	
Cash and cash equivalents	$ 14,590,269
Grants receivable	1,198,370
Prepaid expenditures	195,285
Total assets	$ 15,983,924
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 966,866
Accrued liabilities	793,069
Unearned revenue	10,000
Total liabilities	1,769,935
Fund Balance	
Nonspendable prepaid expenditures	195,285
Restricted for emergencies	944,010
Restricted for capital construction	473,797
Unrestricted, unassigned	12,600,897
Total fund balance	14,213,989
Total liabilities and fund balance	$ 15,983,924

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Balance Sheet (continued)
Governmental Fund
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance of the governmental fund	$ 14,213,989
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	143,322
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the fund	(11,041,347)
Deferred outflows of resources are not financial resources and, therefore, are not reported in the fund	8,828,975
The net OPEB liability is not due and payable in the current period and, therefore, is not reported in the governmental fund	(475,617)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund	(9,347,302)
Total net position of governmental activities	$ 2,322,020

KIPP Colorado Schools

(A Component Unit of Denver Public Schools)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

Year Ended June 30, 2021

	General Fund
Revenues	
Local sources	$ 29,472,550
State sources	1,994,319
Federal sources	4,109,605
Total revenues	35,576,474
Expenditures	
Current	
Instruction	17,943,922
Supporting services	15,436,635
Total expenditures	33,380,557
Net Change in Fund Balance	2,195,917
Fund Balance, Beginning	12,018,072
Fund Balance, Ending	$ 14,213,989

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Statement of Revenues, Expenditures and Changes in Fund Balance (continued)
Governmental Fund
Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net change in fund balance of the governmental fund	$ 2,195,917
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. This is the amount by which capital outlay exceeded depreciation expense in the current period.	
Depreciation expense	(28,422)
Forgiveness of long-term liabilities and related interest are not recognized in the fund statements.	3,594,300
Some expenses recorded in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
OPEB (expense) credit	116,855
Pension expense	(625,778)
Change in net position of governmental activities	$ 5,252,872

Note 1: Summary of Significant Accounting Policies

KIPP Colorado Schools (the Organization) was formed on January 23, 2002, to operate charter schools as provided in the Colorado Charter Schools Act. The Organization is a non-profit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Organization currently operates two elementary schools, two middle schools and two high schools in Denver Public Schools (the District).

The accounting policies of the Organization conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The Organization is a component unit of Denver Public Schools (the District). The District granted the charters and provides the majority of the funding to the Organization. As additional schools are authorized, the charter agreement is amended.

The financial reporting entity consists of the Organization, organizations for which the Organization is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Organization. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Organization. Legally separate organizations for which the Organization is financially accountable are considered part of the reporting entity. Financial accountability exists if the Organization 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 Organization.

Based on the application of this criteria, the Organization does not include additional organizations within its reporting entity other than the schools it operates.

Government-wide and Fund Financial Statements

The government-wide financial statements (*i.e.,* the Statement of Net Position and the Statement of Activities) report information on all activities of the Organization. Governmental activities, which normally are supported by taxes and 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 revenues not properly included among program revenues are reported instead as general revenues. A management fee has been charged by the Organization to each of the charter schools. This fee has been eliminated upon consolidation.

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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year if they are expected to be received within one year. All other revenues are considered to be measurable and available only when cash is received by the Organization. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, the Organization reports the following major governmental fund:

General Fund

This fund is the general operating fund of the Organization. It is currently used to account for all financial activities of the Organization.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

Receivables

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets

Capital assets, which include buildings and building improvements, are reported in the government-wide financial statements. Capital assets are defined by the Organization as assets with an initial, individual cost of $5,000 or more 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 acquisition value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the government-wide financial statements. Depreciation is provided over the estimated useful lives of the assets using the straight-line method, as follows:

Vehicles and equipment	4-5 years
Buildings and building improvements	10-25 years

Deferred Outflows/Inflows of Resources

Deferred outflows of resources are consumptions of net position that are applicable to a future reporting period and deferred inflows of resources are acquisitions of net position that are applicable to a future reporting period. Both are reported in the Statement of Net Position but are not recognized in the financial statements as revenues and expenses until the periods(s) to which they relate. Refer to Note 5 and Note 7 for information on deferred outflows/inflows or resources related to pensions and OPEB, respectively.

Accrued Liabilities

Accrued liabilities represents unused vacation leave which is expected to be used in the year in which it was earned but may be accumulated and carried over to specified limits. Total unused vacation leave liability is due within one year.

Unearned Revenues

Unearned revenues include grants collected before qualifying expenditures have been recognized.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as a liability. In the fund financial statements, governmental funds recognize the face amount of debt issued during the current year as other financing sources.

Net Position/Fund Balance

In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution and may assign fund balances to a specific purpose through an informal action.

The Organization has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available, the Organization uses restricted fund balance first, followed by committed, assigned and unassigned fund balances.

Risk Management

The Organization 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 Organization carries commercial insurance for risks of loss, including liability, property, errors and omissions, and workers' compensation. Settled claims resulting from these risks have not exceeded the Organization's insurance coverage for fiscal years 2021, 2020, or 2019.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Annually, the Board of Directors adopts a budget for the Organization as a whole, on a basis consistent with generally accepted accounting principles.

A proposed budget is submitted to the Board of Directors for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them. Revisions that alter the total expenditures must be approved by the Board of Directors. All appropriations lapse at fiscal year-end.

Actual expenditures for the year ending June 30, 2021 exceeded budgetary expenditures by $593,320 which may be in violation of budgetary requirements.

Note 2: Cash and Investments

Cash and investments at June 30, 2021, consisted of the following:

Deposits

The financial institution holding the Organization’s cash accounts is participating in the FDIC’s Transaction Account Guarantee Program. Interest-bearing transaction accounts were subject to the $250,000 limit on FDIC insurance per covered institution.

The Organization’s investment policy conforms to state statute for governmental entities. All accounts established at financial institutions should, in the aggregate, total less than $250,000 so as to provide maximum insurance coverage provided by the FDIC. If, however, deposits exceed the $250,000 insurance coverage level, the excess must be (1) fully collateralized at face value with government securities, (2) separately segregated in the Organization’s name, and (3) held at a Federal Reserve Bank or another depository.

Under the provisions of GASB 40, *Deposit and Investment Risk Disclosures,* deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions under the Colorado Public Deposit Protection Act (PDPA), as discussed below. Custodial credit risk is the risk that in the event of bank failure, the Organization’s deposits may not be returned.

Colorado state statutes govern the Organization's deposit of cash. The PDPA requires the Organization to make deposits only in eligible public depositories as defined by the regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The PDPA requires the eligible depository with public deposits in excess of the federal insurance levels to create single institution collateral pools for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group.

At June 30, 2021, the Organization's deposit balances consisted of the following:

Description	Carrying Amount	Bank Balance	Amount Covered Under PDPA
Bank accounts	$ 4,493,306	$ 4,456,082	$ 3,956,082

Investments

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk. The Organization is required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following.

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

At June 30, 2021, the Organization had $10,096,963 invested in the Vanguard Federal Money Market Fund and is valued at NAV. The Vanguard Federal Money Market Fund invests in U.S. government securities and seeks to provide current income and preserve shareholders' principal investment by maintaining a share price of $1. The fund generally invests 100% of its assets in governmental securities.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
June 30, 2021

Note 3: Capital Assets

Changes in capital assets for the year ended June 30, 2021 are summarized below.

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets being depreciated				
Vehicles and equipment	$ 204,557	$ -	$ -	$ 204,557
Building Improvements	136,563	-	-	136,563
Buildings	884,518	-	-	884,518
Total capital assets	1,225,638	-	-	1,225,638
Less accumulated depreciation				
Vehicles and equipment	(204,557)	-	-	(204,557)
Building improvements	(12,488)	(19,881)	-	(32,369)
Buildings	(836,849)	(8,541)	-	(845,390)
Total accumulated depreciation	(1,053,894)	(28,422)	-	(1,082,316)
Total capital assets being depreciated, net	$ 171,744	$ (28,422)	$ -	$ 143,322

Depreciation expense was charged to the instructional and supporting services programs in the amounts of $20,398 and $8,024, respectively.

Note 4: Leases

The Organization leases office space under a noncancelable operating lease agreement. The lease expires in February 2025. Rent expense for the lease for the year ended June 30, 2021, was $31,160.

Minimum annual rental payments required under the operating lease for each year ending June 30 are as follows:

2022	$ 34,925
2023	35,687
2024	36,465
2025	30,937
2026	-
Total	$ 138,014

Note 5: Defined Benefit Pension Plan

The Organization participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). In accordance with GASB 68, the Organization accounts for and reports its participation in the plan as if it was a cost sharing employer. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Organization have been determined using the same basis as they are reported by the DPS Division which uses 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

Plan Description

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

Benefits Provided as of December 31, 2020

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 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 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.

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.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25% unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the DPS Division. The AAP may raise or lower the aforementioned annual increase 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.

Contribution Provisions as of June 30, 2021

Eligible employees, the Organization and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 10.00% of their PERA-includable salary period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	January 1, 2020 Through June 30, 2020	January 1, 2021 Through June 30, 2021
Employer Contribution Rate	10.90%	10.90%
Amount of Employer Contribution apportioned to the DPS Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02%)	(1.02%)
PCOP Offset as specified in C.R.S. § 24-51-412 [1]	(12.75%)	(12.09%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total Employer Contribution Rate to the DPS Division	7.13%	7.79%

[1] To conform with this presentation of contribution rates, the 2020 annual PCOP offset of 12.50 percent has been adjusted based on the portion of the PCOP offset used to satisgy employer contribution requirements.

** Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42)

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the Organization is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the Organization were $1,309,559 for the year ended June 30, 2021.

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

The net pension liability for the DPS Division was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The Organization proportion of the net pension liability was based on the Organization contributions to the DPS Division for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is 0%. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the state of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation.

At June 30, 2021, the Organization reported a liability of $9,347,302 for its proportionate share of the net pension liability. The amount recognized by the Organization 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 the Organization were as follows:

The Organization's proportionate share of the net pension liability	$ 9,347,302

At December 31, 2020, the Organization's proportion was 2.08 percent, which was an increase of 0.59 percentage points from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Organization recognized pension expense of $1,935,337, which equals contributions of $1,309,559 plus the GASB 68 expense of $625,778 . At June 30, 2021, the Organization 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	$ 1,383,167	$ -
Changes of assumptions or other inputs	1,956,640	-
Net difference between projected and actual earnings on pension plan investments	-	9,299,726
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,455,302	1,417,221
Contributions subsequent to the measurement date	711,045	-
Total	$ 8,506,154	$ 10,716,947

$711,045 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, 2021. 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 Ending June 30	
2022	$ (781,640)
2023	454,672
2024	(1,134,772)
2025	(1,460,098)
	$ (2,921,838)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 - 9.70%
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 January 1, 2007; and DPS benefit structure (automatic)	1.25% compounded annually
PERA benefit structure hired after December 31, 2006 [1]	Financed by the Annual Increase Reserve

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

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Postretirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93% factor applied to rates for ages less than 80, a 113% factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80%-11.50%
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 January 1, 2007; and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after December 31, 2006 [1]	Financed by the Annual Increase Reserve

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40% per year to 2.30% per year.
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year.

Several factors were considered in evaluating the long-term rate of return assumption for the DPS Division, 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 percentage 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 Board's November 15, 2019, meeting, to be effective January 1, 2020. 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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	100.00%	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate

The discount rate used to measure the total pension liability 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 member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated 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.
- Employer contributions for the DPS Division Trust Fund are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), 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. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.
- 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, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and 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 DPS Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Organization's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
Proportionate share of the net pension liability	$ 20,977,693	$ 9,347,302	$ (250,306)

Pension Plan Fiduciary Net Position

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

Note 6: Pension Certificates of Participation

The District issued Taxable Pension Certificates of Participation (PCOPs) to fully fund the unfunded actuarial accrued liability of its pension plan (see Note 5). For the years ended June 30, 2021, 2020 and 2019, the Organization contributed 9.21%, 9.21%, and 9.54% of covered salaries, respectively, to the District to cover its obligation relating to the PCOPs.

During the years ended June 30, 2021, 2020 and 2019, the Organization contributed $1,523,826, $1,487,855 and $1,500,496, respectively, to the District for its PCOPs obligation.

Note 7: Defined Benefit Other Postemployment Benefit (OPEB)

Summary of Significant Accounting Policies

The Organization participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-employer defined benefit OPEB plan administered by the Public Employees' Retirement Association of Colorado (PERA). In accordance with GASB 75, the Organization reports its proportion in the plan as if it was a cost-sharing plan. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS 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.

General Information about the OPEB Plan

Plan Description

Eligible employees of the Organization are provided with OPEB through the DPS HCTF — a single-employer defined benefit OPEB plan administered by PERA. The DPS HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

The DPS 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 Heath Care Trust Fund (HCTF) and the 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 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 basis for 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.

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 basis for the maximum 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 DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02% of PERA-includable salary into the DPS HCTF.

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the Organization is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the Organization were $178,724 for the year ended June 30, 2021.

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

At June 30, 2021, the Organization reported a liability of $475,617 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Organization's proportion of the net OPEB liability was based on the Organization's contributions to the DPS HCTF for the calendar year 2020 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2020, the Organization's proportion was 2.91 percent, which was a decrease of 0.76 percentage points from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Organization recognized OPEB expense of $61,869, which equals contributions of $178,724 less the GASB 75 credit of $116,855. At June 30, 2021, the Organization 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	$ -	$ 183,311
Changes of assumptions or other inputs	42	31,601
Net difference between projected and actual earnings on OPEB plan investments	-	81,943
Changes in proportion and differences between the contributions recognized and proportionate share of contributions	229,677	27,545
Contributions subsequent to the measurement date	93,102	-
Total	$ 322,821	$ 324,400

$93,102 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, 2021. 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 Ending June 30		
2022	$	(14,492)
2023		(6,347)
2024		(17,214)
2025		(15,204)
2026		(15,755)
Thereafter		(25,669)
	$	(94,681)

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in the aggregate
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	8.10% in 2020 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Prescription	$ 588	$ 227	$ 550
Kaiser Permanente Medicare Advantage HMO	$ 621	$ 232	$ 586

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

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

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.

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. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total OPEB liability used in the December 31, 2019, valuation for the DPS Division as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93% factor applied to rates for ages less than 80, a 113% factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80%-11.50%

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25%.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculation for the determination of the total pension liability of the DPS Division as shown below were applied, as applicable, in the roll forward calculation for the DPS HCTF.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40% per year to 2.30% per year.
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year.

Several factors were considered in evaluating the long-term rate of return assumption for the DPS HCTF, 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 percentage 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 Board's November 15, 2019, meeting, to be effective January 1, 2020. 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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	100.00%	

1 The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following 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	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 475,596	$ 475,617	$ 475,658

Discount Rate

The discount rate used to measure the total OPEB liability 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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.
- 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 DPS 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 projection test indicates the DPS HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase Rate (8.25%)
Proportionate share of the net OPEB liability	$ 606,135	$ 475,617	$ 364,130

OPEB Plan Fiduciary Net Position

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

Note 8: Commitments, Contingencies and Compliance

Claims and Judgments

The Organization participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the Organization may be required to reimburse the other government. At June 30, 2021, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Organization.

Litigation

The Organization is subject to litigation that arises in the ordinary course of its activities. The Organization anticipates no potential claims resulting from this litigation which would materially affect the financial statements of the Organization.

TABOR Amendment

In November 1992, Colorado voters approved the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The TABOR Amendment is subject to many interpretations, but the Organization believes it is in substantial compliance with the TABOR Amendment. In accordance with the TABOR Amendment, the Organization has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2021, the reserve reported as restricted net position/fund balance totaled $944,010.

Facility Use Agreement

The Organization has approved facility use agreements with the District to utilize educational facilities owned by the District. For the year ended June 30, 2021, the Organization paid facility use fees of $838.47 per student. The agreements require facility use fees of $820.60 per student for the year ending June 30, 2022.

Public School Financial Transparency Act

The Public School Financial Transparency Act requires local education providers to post financial information online, in a downloadable format, for free public access. The Organization believes it is in compliance with this Act and has made such information available via a direct link from the Organization's website to the required information on the District's website.

Note 9: *Coronavirus Aid, Relief, and Economic Security Act*

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On April 18, 2020, the Organization received a loan in the amount of $3,594,300 pursuant to the Paycheck Protection Program. The Organization received notification of full forgiveness of the loan during fiscal year 2021.

Required Supplementary Information

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Schedule of the Organization's Proportionate Share of the Net Pension Liability
Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014
KIPP Colorado Schools' proportion of the net pension liability	2.08%	1.49%	1.30%	1.73%	1.40%	1.16%	0.99%
KIPP Colorado Schools' proportionate share of the net pension liability	$ 9,347,302	$ 9,810,691	$ 13,320,800	$ 15,464,601	$ 15,296,531	$ 9,436,078	$ 6,169,284
KIPP Colorado Schools' covered payroll	$ 16,361,096	$ 16,108,644	$ 14,355,677	$ 11,692,177	$ 9,226,932	$ 7,257,631	$ 5,821,424
KIPP Colorado Schools' proportionate share of the net pension liability as a percentage of its covered payroll	57.13%	60.90%	92.79%	132.26%	165.78%	130.02%	105.98%
Plan fiduciary net position as a percentage of the total pension liability	90.14%	84.73%	75.69%	79.51%	74.05%	79.30%	83.94%

Note: Information is not available prior to 2014. In future reports, additional years will be added until 10 years of historical data are presented.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Schedule of the Organization's Pension Contributions
Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,309,559	$ 1,041,606	$ 844,271	$ 580,235	$ 348,523	$ 161,457	$ 141,702
Contributions in relation to the contractually required contribution	1,309,559	1,041,606	844,271	580,235	348,523	161,457	141,702
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KIPP Colorado Schools' covered payroll	$ 17,521,985	$ 16,146,969	$ 15,735,795	$ 12,916,078	$ 10,418,324	$ 8,138,698	$ 6,361,937
Contributions as a percentage of covered payroll	7.47%	6.45%	5.37%	4.49%	3.35%	1.98%	2.23%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Schedule of the Organization's Proportionate Share of the Net OPEB Liability
Year Ended December 31,

	2020	2019	2018	2017
KIPP Colorado Schools' proportion of the net OPEB liability	2.91%	2.15%	1.98%	1.72%
KIPP Colorado Schools' proportionate share of the net OPEB liability	$ 475,617	$ 791,600	$ 893,017	$ 876,686
KIPP Colorado Schools' covered payroll	$ 16,361,096	$ 16,108,644	$ 14,355,677	$ 11,692,177
KIPP Colorado Schools' proportionate share of the net OPEB liability as a percentage of its covered payroll	2.91%	4.91%	6.22%	7.50%
Plan fiduciary net position as a percentage of the total OPEB liability	65.43%	46.98%	34.72%	30.45%

Note: Information is not available prior to 2017. In future reports, additional years will be added until 10 years of historical data are presented.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Schedule of the Organization's OPEB Contributions
Year Ended June 30,

	2021	2020	2019	2018
Contractually required contribution	$ 178,724	$ 164,699	$ 160,505	$ 131,744
Contributions in relation to the contractually required contribution	178,724	164,699	160,505	131,744
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
KIPP Colorado Schools' covered payroll	$ 17,521,985	$ 16,146,969	$ 15,735,795	$ 12,916,078
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

Note: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule – Budgetary Basis
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 20,720,222	$ 21,190,826	$ 21,190,826	$ -
District mill levy	6,212,112	7,167,750	7,167,750	-
Student activities	150,052	7,000	10,219	3,219
Food service fees	7,000	-	-	-
Grants and contributions	1,810,000	1,623,806	894,216	(729,590)
Investment income	25,000	3,000	1,375	(1,625)
Intercompany	4,147,606	4,473,199	4,123,199	(350,000)
Miscellaneous	552,715	151,000	208,163	57,163
Other sources - forgiveness of PPP loan	-	-	3,594,300	3,594,300
Total local sources	33,624,707	34,616,581	37,190,048	2,573,467
State sources				
Grants	682,493	1,291,128	1,994,319	703,191
Federal sources				
Grants	2,557,236	3,892,374	4,109,606	217,232
Total revenues	36,864,436	39,800,083	43,293,973	3,493,890

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule – Budgetary Basis
General Fund (continued)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
Salaries	17,296,941	18,389,216	18,478,488	(89,272)
Employee benefits	4,689,831	4,965,089	4,903,402	61,687
Purchased professional services	1,495,870	1,050,469	1,290,681	(240,212)
Purchased property services	549,549	509,417	546,803	(37,386)
Other purchased services	5,347,310	4,526,849	4,979,897	(453,048)
Supplies and materials	1,355,626	1,614,449	1,987,465	(373,016)
Property and equipment	623,950	420,000	859,853	(439,853)
Intercompany	4,147,606	4,473,199	4,123,199	350,000
Miscellaneous	961,748	961,748	333,968	627,780
Total expenditures	36,468,431	36,910,436	37,503,756	(593,320)
Net Change in Fund Balance	396,005	2,889,647	5,790,217	2,900,570
Fund Balance, Beginning	11,665,612	11,665,612	8,423,772	(3,241,840)
Fund Balance, Ending	$ 12,061,617	$ 14,555,259	$ 14,213,989	$ (341,270)
Appropriated Reserves				
Contingency	$ 657,548	$ 2,843,676	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	11,365,312	11,665,610	N/A	N/A
	$ 12,022,860	$ 14,509,286		

Reconciliation of Non-GAAP Budgetary Basis to Actual GAAP Basis

Fund balance, ending budgetary basis	$ 14,213,989
Less intercompany revenues	(4,123,199)
Plus intercompany expenditures	4,123,199
Fund balance, ending GAAP basis	$ 14,213,989

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Notes to Required Supplementary Information
Year Ended June 30, 2021

Note 1: Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

A budget is adopted for the Organization on a basis consistent with generally accepted accounting principles, except for the inclusion of intercompany transactions.

A proposed budget is submitted to the Board of Directors for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

As stipulated in state statutes, expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Actual expenditures exceeded budgetary expenditures by $593,320.

All appropriations lapse at fiscal year-end.

Note 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2020 Changes in Plan Provisions and Assumptions or Other Inputs Since 2019

Defined Benefit Pension Plan

- House Bill (HB) 20-1379, enacted on June 29, 2020, suspended the $225 million direct distribution payable on July 1, 2020 for the State's 2020-2021 fiscal year
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter
- Price inflation assumption decreased from 2.40% per year to 2.30% per year
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year
- Real wage growth decreased from 1.10% to 0.07%

Defined Benefit Other Postemployment Benefit

- There were no changes made to the plan provisions
- Price inflation assumption decreased from 2.40% per year to 2.30% per year

- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year
- Real wage growth decreased from 1.10% to 0.07%

Supplementary Information

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet
June 30, 2021

	KIPP Sunshine Peak Academy	KIPP Denver Collegiate High School	KIPP Northeast Denver Middle School	KIPP Northeast Denver Leadership Academy	KIPP Northeast Elementary School
Assets					
Cash and investments	$ 1,869,149	$ 1,738,793	$ 1,930,988	$ 2,249,597	$ 1,182,814
Grants receivable	182,627	264,358	338,663	210,718	160,358
Inter-entity receivable	12,057,324	3,380,344	4,509,374	4,197,276	3,273,425
Prepaid expenditures	31,609	321	-	126,652	-
Total assets	$ 14,140,709	$ 5,383,816	$ 6,779,025	$ 6,784,243	$ 4,616,597
Liabilities and Fund Balance					
Liabilities					
Accounts payable	$ 64,128	$ 131,364	$ 56,998	$ 158,146	$ 89,337
Inter-entity payable	10,957,404	3,852,827	4,806,939	4,480,500	3,562,649
Accrued liabilities	91,087	122,261	104,224	148,946	105,264
Unearned revenue	-	-	-	-	-
Total liabilities	11,112,619	4,106,452	4,968,161	4,787,592	3,757,250
Fund Balance					
Nonspendable prepaid expenditures	31,609	321	-	126,652	-
Restricted for emergencies	143,006	172,364	166,103	198,686	170,671
Restricted for capital construction	153,399	65,358	68,403	73,582	69,183
Unrestricted, unassigned	2,700,076	1,039,321	1,576,358	1,597,731	619,493
Total fund balance	3,028,090	1,277,364	1,810,864	1,996,651	859,347
Total liabilities and fund balance	$ 14,140,709	$ 5,383,816	$ 6,779,025	$ 6,784,243	$ 4,616,597

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Balance Sheet (continued)
June 30, 2021

	KIPP Sunshine Peak Elementary	Central Office	Eliminations	Total
Assets				
Cash and investments	$ 54,616	$ 5,564,312	$ -	$ 14,590,269
Grants receivable	41,646	-	-	1,198,370
Inter-entity receivable	3,258,191	17,760,695	(48,436,629)	-
Prepaid expenditures	426	36,277	-	195,285
Total assets	$ 3,354,879	$ 23,361,284	$ (48,436,629)	$ 15,983,924
Liabilities and Fund Balance				
Liabilities				
Accounts payable	$ 28,963	$ 437,930	$ -	$ 966,866
Inter-entity payable	2,872,496	17,903,814	(48,436,629)	-
Accrued liabilities	67,345	153,942	-	793,069
Unearned revenue	-	10,000	-	10,000
Total liabilities	2,968,804	18,505,686	(48,436,629)	1,769,935
Fund Balance				
Nonspendable prepaid expenditures	426	36,277	-	195,285
Restricted for emergencies	68,328	24,852	-	944,010
Restricted for capital construction	43,872	-	-	473,797
Unrestricted, unassigned	273,449	4,794,469	-	12,600,897
Total fund balance	386,075	4,855,598	-	14,213,989
Total liabilities and fund balance	$ 3,354,879	$ 23,361,284	$ (48,436,629)	$ 15,983,924

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2021

	KIPP Sunshine Peak Academy	KIPP Denver Collegiate High School	KIPP Northeast Denver Middle School	KIPP Northeast Denver Leadership Academy	KIPP Northeast Elementary School
Revenues					
Local sources	$ 4,566,518	$ 5,573,974	$ 5,112,716	$ 6,334,721	$ 5,378,629
State sources	200,337	171,497	424,037	288,140	310,328
Federal sources	539,952	587,038	984,864	632,062	575,063
Total revenues	5,306,807	6,332,509	6,521,617	7,254,923	6,264,020
Expenditures					
Current					
Instruction	2,632,101	3,214,357	3,448,204	3,792,985	3,320,365
Supporting services	2,336,695	2,879,381	2,901,867	3,015,444	2,714,131
Total expenditures	4,968,796	6,093,738	6,350,071	6,808,429	6,034,496
Net Change in Fund Balance	338,011	238,771	171,546	446,494	229,524
Fund Balance, Beginning	2,690,079	1,038,593	1,639,318	1,550,157	629,823
Fund Balance, Ending	$ 3,028,090	$ 1,277,364	$ 1,810,864	$ 1,996,651	$ 859,347

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (continued)
Year Ended June 30, 2021

	KIPP Sunshine Peak Elementary	Central Office	Eliminations	Total
Revenues				
Local sources	$ 1,677,580	$ 4,951,611	$ (4,123,199)	$ 29,472,550
State sources	599,980	-	-	1,994,319
Federal sources	304,076	486,550	-	4,109,605
Total revenues	2,581,636	5,438,161	(4,123,199)	35,576,474
Expenditures				
Current				
Instruction	1,533,979	1,931	-	17,943,922
Supporting services	1,014,042	4,698,274	(4,123,199)	15,436,635
Total expenditures	2,548,021	4,700,205	(4,123,199)	33,380,557
Net Change in Fund Balance	33,615	737,956	-	2,195,917
Fund Balance, Beginning	352,460	4,117,642	-	12,018,072
Fund Balance, Ending	$ 386,075	$ 4,855,598	$ -	$ 14,213,989

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Sunshine Peak Academy
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,553,839	$ 3,549,868	$ 3,549,868	$ -
District mill levy	830,261	985,780	985,780	-
Student activities	21,600	-	26	26
Food service fees	7,000	-	-	-
Grants and contributions	29,000	29,222	29,980	758
Miscellaneous	12,752	1,000	-	(1,000)
Total local sources	4,454,452	4,565,870	4,566,518	648
State sources				
Grants	76,717	139,289	200,337	61,048
Total state sources	76,717	139,289	200,337	61,048
Federal sources				
Grants	433,750	518,147	539,952	21,805
Total revenues	4,964,919	5,223,306	5,306,807	83,501
Expenditures				
Current				
Salaries	2,345,871	2,423,334	2,416,313	7,021
Employee benefits	658,823	654,300	641,589	12,711
Purchased professional services	73,120	50,000	54,578	(4,578)
Purchased property services	24,186	35,000	36,812	(1,812)
Other purchased services	1,527,669	1,383,547	1,382,369	1,178
Supplies and materials	156,710	234,366	311,297	(76,931)
Property and equipment	52,500	50,000	120,112	(70,112)
Miscellaneous	7,500	7,500	5,726	1,774
Total expenditures	4,846,379	4,838,047	4,968,796	(130,749)
Net Change in Fund Balance	118,540	385,259	338,011	(47,248)
Fund Balance, Beginning	2,690,079	2,690,079	2,690,079	-
Fund Balance, Ending	$ 2,808,619	$ 3,075,338	$ 3,028,090	$ (47,248)
Appropriated Reserves				
Contingency	$ 118,540	$ 385,259	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	2,690,079	2,690,079	N/A	N/A
	$ 2,808,619	$ 3,075,338		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Denver Collegiate High School
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 4,063,815	$ 4,189,265	$ 4,189,265	$ -
District mill levy	1,123,178	1,329,738	1,329,738	-
Student activities	36,938	2,000	5,603	3,603
Grants and contributions	33,000	42,856	49,275	6,419
Miscellaneous	49,694	-	-	-
Total local sources	5,306,625	5,563,859	5,573,974	10,115
State sources				
Grants	85,167	120,687	171,497	50,810
Total state sources	85,167	120,687	171,497	50,810
Federal sources				
Grants	532,794	573,437	587,038	13,601
Total revenues	5,924,586	6,257,983	6,332,509	74,526
Expenditures				
Current				
Salaries	2,893,369	3,039,274	3,083,846	(44,572)
Employee benefits	794,969	820,604	795,784	24,820
Purchased professional services	475,469	40,000	84,669	(44,669)
Purchased property services	59,756	40,000	32,053	7,947
Other purchased services	1,725,010	1,636,504	1,660,266	(23,762)
Supplies and materials	134,728	195,010	221,685	(26,675)
Property and equipment	55,750	50,000	177,819	(127,819)
Miscellaneous	35,000	35,000	37,616	(2,616)
Total expenditures	6,174,051	5,856,392	6,093,738	(237,346)
Net Change in Fund Balance	(249,465)	401,591	238,771	(162,820)
Fund Balance, Beginning as Revised	1,038,593	1,038,593	1,038,593	-
Fund Balance, Ending	$ 789,128	$ 1,440,184	$ 1,277,364	$ (162,820)
Appropriated Reserves				
Contingency	$ 50,834	$ 401,591	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	738,294	1,038,593	N/A	N/A
	$ 789,128	$ 1,440,184		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Northeast Denver Middle School
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,925,666	$ 4,031,865	$ 4,031,865	$ -
District mill levy	864,114	1,035,954	1,035,954	-
Student activities	37,194	2,000	2,110	110
Grants and contributions	32,000	36,436	36,436	-
Miscellaneous	215,911	5,000	6,061	1,061
Total local sources	5,074,885	5,111,255	5,112,716	1,461
State sources				
Grants	90,722	304,139	424,037	119,898
Total state sources	90,722	304,139	424,037	119,898
Federal sources				
Grants	542,411	944,850	984,864	40,014
Total revenues	5,708,018	6,360,244	6,521,617	161,373
Expenditures				
Current				
Salaries	2,588,290	2,959,642	2,945,435	14,207
Employee benefits	706,517	799,103	804,921	(5,818)
Purchased professional services	190,026	181,024	207,520	(26,496)
Purchased property services	39,102	64,417	71,983	(7,566)
Other purchased services	1,691,163	1,690,229	1,702,891	(12,662)
Supplies and materials	205,611	380,000	430,947	(50,947)
Property and equipment	68,000	60,000	154,643	(94,643)
Miscellaneous	35,000	35,000	31,731	3,269
Total expenditures	5,523,709	6,169,415	6,350,071	(180,656)
Net Change in Fund Balance	184,309	190,829	171,546	(19,283)
Fund Balance, Beginning	1,639,318	1,639,318	1,639,318	-
Fund Balance, Ending	$ 1,823,627	$ 1,830,147	$ 1,810,864	$ (19,283)
Appropriated Reserves				
Contingency	$ 184,309	$ 190,830	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	1,639,318	1,639,317	N/A	N/A
	$ 1,823,627	$ 1,830,147		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Northeast Denver Leadership Academy
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 4,529,517	$ 4,778,984	$ 4,778,984	$ -
District mill levy	1,243,745	1,516,361	1,516,361	-
Student activities	10,820	-	160	160
Grants and contributions	37,000	39,199	39,199	-
Miscellaneous	255,238	-	-	-
Total local sources	6,076,320	6,334,544	6,334,721	177
State sources				
Grants	98,230	307,604	288,140	(19,464)
Total state sources	98,230	307,604	288,140	(19,464)
Federal sources				
Grants	476,969	602,047	632,062	30,015
Total revenues	6,651,519	7,244,195	7,254,923	10,728
Expenditures				
Current				
Salaries	3,062,113	3,126,285	3,210,574	(84,289)
Employee benefits	828,732	844,097	821,264	22,833
Purchased professional services	207,485	25,000	119,718	(94,718)
Purchased property services	56,214	45,000	51,184	(6,184)
Other purchased services	2,041,837	1,988,431	2,019,918	(31,487)
Supplies and materials	213,326	300,000	387,924	(87,924)
Property and equipment	72,000	60,000	166,070	(106,070)
Miscellaneous	36,903	36,903	31,777	5,126
Total expenditures	6,518,610	6,425,716	6,808,429	(382,713)
Net Change in Fund Balance	132,909	818,479	446,494	(371,985)
Fund Balance, Beginning	1,550,157	1,550,157	1,550,157	-
Fund Balance, Ending	$ 1,683,066	$ 2,368,636	$ 1,996,651	$ (371,985)
Appropriated Reserves				
Contingency	$ 132,909	$ 818,478	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	1,550,157	1,550,158	N/A	N/A
	$ 1,683,066	$ 2,368,636		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Northeast Elementary School
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 3,670,294	$ 3,742,223	$ 3,742,223	$ -
District mill levy	1,423,000	1,592,962	1,592,962	-
Student activities	40,000	3,000	2,320	(680)
Grants and contributions	33,000	41,123	41,123	-
Miscellaneous	7,640	-	-	-
Total local sources	5,173,934	5,379,308	5,378,629	(679)
State sources				
Grants	266,157	334,666	310,328	(24,338)
Total state sources	266,157	334,666	310,328	(24,338)
Federal sources				
Grants	397,342	554,322	575,063	20,741
Total revenues	5,837,433	6,268,296	6,264,020	(4,276)
Expenditures				
Current				
Salaries	2,692,486	2,924,199	2,944,161	(19,962)
Employee benefits	781,341	789,534	812,783	(23,249)
Purchased professional services	81,320	75,000	65,657	9,343
Purchased property services	44,561	35,000	32,618	2,382
Other purchased services	1,675,164	1,660,245	1,694,025	(33,780)
Supplies and materials	318,243	252,340	321,539	(69,199)
Property and equipment	62,800	100,000	131,692	(31,692)
Miscellaneous	32,400	32,400	32,021	379
Total expenditures	5,688,315	5,868,718	6,034,496	(165,778)
Net Change in Fund Balance	149,118	399,578	229,524	(170,054)
Fund Balance, Beginning	629,823	629,823	629,823	-
Fund Balance, Ending	$ 778,941	$ 1,029,401	$ 859,347	$ (170,054)
Appropriated Reserves				
Contingency	$ 149,119	$ 399,579	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	629,822	629,822	N/A	N/A
	$ 778,941	$ 1,029,401		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Sunshine Peak Elementary
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
Per pupil revenue	$ 977,091	$ 898,621	$ 898,621	$ -
District mill levy	727,814	706,955	706,955	-
Student activities	3,500	-	-	-
Grants and contributions	611,000	599,970	-	(599,970)
Miscellaneous	5,000	-	72,000	72,000
Total local sources	2,324,405	2,205,546	1,677,580	(527,966)
State sources				
Grants	65,500	84,743	599,980	515,237
Total state sources	65,500	84,743	599,980	515,237
Federal sources				
Grants	173,970	311,141	304,076	(7,065)
Total revenues	2,563,875	2,601,430	2,581,636	(19,794)
Expenditures				
Current				
Salaries	1,117,587	1,290,724	1,295,042	(4,318)
Employee benefits	293,758	348,496	320,948	27,548
Purchased professional services	34,150	75,000	77,371	(2,371)
Purchased property services	214,230	215,000	220,223	(5,223)
Other purchased services	391,398	398,257	381,794	16,463
Supplies and materials	162,615	140,000	151,287	(11,287)
Property and equipment	303,400	85,000	88,965	(3,965)
Miscellaneous	2,980	2,980	12,391	(9,411)
Total expenditures	2,520,118	2,555,457	2,548,021	7,436
Net Change in Fund Balance	43,757	45,973	33,615	(12,358)
Fund Balance, Beginning	352,460	352,460	352,460	-
Fund Balance, Ending	$ 396,217	$ 398,433	$ 386,075	$ (12,358)
Appropriated Reserves				
Contingency	$ 43,757	$ 45,974	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	352,460	352,459	N/A	N/A
	$ 396,217	$ 398,433		

KIPP Colorado Schools
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
KIPP Central Office
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources				
CMO Fee	$ 4,147,606	$ 4,473,199	$ 4,123,199	$ (350,000)
Grants and contributions	1,035,000	835,000	698,204	(136,796)
Investment income	25,000	3,000	106	(2,894)
Miscellaneous	11,480	145,000	130,102	(14,898)
Total local sources	5,219,086	5,456,199	4,951,611	(504,588)
Federal sources				
Grants	-	388,430	486,550	98,120
Total revenues	5,219,086	5,844,629	5,438,161	(406,468)
Expenditures				
Current				
Salaries	2,597,225	2,625,758	2,583,117	42,641
Employee benefits	625,691	708,955	706,113	2,842
Purchased professional services	434,300	604,445	681,168	(76,723)
Purchased property services	111,500	75,000	101,930	(26,930)
Other purchased services	442,675	242,835	261,833	(18,998)
Supplies and materials	164,393	112,733	162,786	(50,053)
Property and equipment	9,500	15,000	20,552	(5,552)
Miscellaneous	811,965	811,965	182,706	629,259
Total expenditures	5,197,249	5,196,691	4,700,205	496,486
Net Change in Fund Balance	21,837	647,938	737,956	90,018
Fund Balance, Beginning	4,117,642	4,117,642	4,117,642	-
Fund Balance, Ending	$ 4,139,479	$ 4,765,580	$ 4,855,598	$ 90,018
Appropriated Reserves				
Contingency	$ 21,837	$ 647,939	N/A	N/A
Release of appropriated fund balance	-	-	N/A	N/A
Fund balance reserve	4,117,642	4,117,641	N/A	N/A
	$ 4,139,479	$ 4,765,580		

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
KIPP Colorado Schools
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities and the major fund of KIPP Colorado Schools (the Organization), a component unit of Denver Public Schools, as of June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated October 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Board of Directors
KIPP Colorado Schools

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements including the Colorado Department of Education Financial Policies and Procedures Handbook, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
October 21, 2021