Mackintosh Academy Littleton, LLC
(A Subsidiary of Mackintosh Academy)

Financial Statements
and
Independent Auditor's Report

For the Years Ended
June 30, 2025 and 2024

Contents

WATSON COON RYAN
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mackintosh Academy Littleton, LLC
Littleton, Colorado

Opinion

We have audited the financial statements of Mackintosh Academy Littleton, LLC, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mackintosh Academy Littleton, LLC as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter- Subsequent Event

As discussed in Note 10 to the financial statements, subsequent to the date of the financial statements, the Board of Directors of Mackintosh Littleton, LLC approved a plan to close the School following the completion of the 2025-2026 academic year. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of Mackintosh Academy Littleton, LLC for the year ended June 30, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on March 15, 2025.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mackintosh Academy Littleton, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Watson Coon Ryan, LLC

Centennial, Colorado
December 18, 2025

Mackintosh Academy Littleton, LLC

Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 804,525	$ 1,490,720
Investments	804,476	484,723
Employee retention credit receivable	114,487	114,487
Tuition and fees receivable	44,361	8,340
Prepaid expenses and other assets	43,410	50,716
Assets held for deferred compensation	50,432	92,495
Property and equipment, net	2,574,642	2,685,165
Beneficial interest in assets held by community foundation	121,378	111,614
Endowment investments	-	264,187
Total Assets	$ 4,557,711	$ 5,302,447
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 155,438	$ 317,668
Unearned tuition	1,028,891	1,239,864
Deferred compensation liability	50,432	92,495
Note payable, net of unamortized debt issuance costs	832,127	886,445
Total Liabilities	2,066,888	2,536,472
Net Assets		
Net assets without donor restrictions	2,365,555	2,390,174
Net assets with donor restriction	125,268	375,801
Total Net Assets	2,490,823	2,765,975
Total Liabilities and Net Assets	$ 4,557,711	$ 5,302,447

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

Mackintosh Academy Littleton, LLC

Statements of Activities

For the years ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Gross tuition and fees	$ 2,800,802	$ -	$ 2,800,802	$ 3,112,725	$ -	$ 3,112,725
Less: Financial aid and discounts	(464,108)	-	(464,108)	(559,900)	-	(559,900)
Net tuition and fees	2,336,694	-	2,336,694	2,552,825	-	2,552,825
Gross special events revenue						
Ticket sales and auction	133,277	-	133,277	166,757	-	166,757
Less cost of direct benefit to donors	(35,945)	-	(35,945)	(31,117)	-	(31,117)
Net special events revenue	97,332	-	97,332	135,640	-	135,640
Student activities	135,950	-	135,950	76,963	-	76,963
Contributions and grants	129,147	13,535	142,682	125,482	-	125,482
Employee retention credit	-	-	-	114,487	-	114,487
Investment income	61,270	20,891	82,161	74,011	23,847	97,858
Other income	41,941	-	41,941	5,008	-	5,008
Net assets released from restrictions	284,959	(284,959)	-	267,541	(267,541)	-
Total revenue and support	3,087,293	(250,533)	2,836,760	3,351,957	(243,694)	3,108,263
Expenses						
Program services	2,338,775	-	2,338,775	2,137,242	-	2,137,242
General and administrative	586,940	-	586,940	787,914	-	787,914
Fundraising and development	186,197		186,197	162,578	-	162,578
Total expenses	3,111,912	-	3,111,912	3,087,734	-	3,087,734
Change in net assets	(24,619)	(250,533)	(275,152)	264,223	(243,694)	20,529
Net assets, beginning of year	2,390,174	375,801	2,765,975	2,125,951	619,495	2,745,446
Net assets, end of year	$ 2,365,555	$ 125,268	$ 2,490,823	$ 2,390,174	$ 375,801	$ 2,765,975

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

Mackintosh Academy Littleton, LLC

Statement of Functional Expenses

For the year ended June 30, 2025

	Program	General and Administrative	Fundraising and Development	Cost of Direct Benefit to Donors	Total
Personnel costs					
Salaries and wages	$ 1,396,954	$ 240,946	$ 120,096	$ -	$ 1,757,996
Benefits and payroll taxes	298,459	52,891	26,446	-	377,796
Tuition discount for staff	54,373	-	-	-	54,373
Other expenses					
Professional fees	99,396	137,979	13,913	-	251,288
Depreciation	133,752	25,078	8,359	-	167,189
Student activities	130,322	-	-	-	130,322
Repairs and maintenance	67,086	12,579	4,193	-	83,858
Utilities	64,412	12,077	4,026	-	80,515
Insurance	-	54,937	-	-	54,937
Dues and subscriptions	31,724	5,948	1,983	-	39,655
Interest	27,338	5,126	1,709	-	34,173
Other	2,696	29,346	2,523	-	34,565
Office supplies	14,057	6,807	779	-	21,643
Marketing and donor development	18,206	3,226	2,170	-	23,602
Cost of direct benefit to donors	-	-	-	35,945	35,945
Total expenses by function	2,338,775	586,940	186,197	35,945	3,147,857
Less expenses included with nonoperating activities on statement of activities					
Cost of direct benefits to donors	-	-	-	(35,945)	(35,945)
Total expenses included on the statement of activities	$ 2,338,775	$ 586,940	$ 186,197	$ -	$ 3,111,912

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

Mackintosh Academy Littleton, LLC

Statement of Functional Expenses

For the year ended June 30, 2024

	Program	General and Administrative	Fundraising and Development	Cost of Direct Benefit to Donors	Total
Personnel costs					
Salaries and wages	$ 1,205,640	$ 523,971	$ 91,032	$ -	$ 1,820,643
Benefits and payroll taxes	278,031	94,818	19,623	-	392,472
Tuition discount for staff	20,225	-	-	-	20,225
Other expenses					
Professional fees	127,395	63,706	19,733	-	210,834
Depreciation	126,639	33,770	8,443	-	168,852
Student activities	111,830	-	-	-	111,830
Repairs and maintenance	71,036	13,319	4,440	-	88,795
Utilities	58,379	10,946	3,649	-	72,974
Insurance	33,504	8,376	-	-	41,880
Dues and subscriptions	32,421	6,079	2,026	-	40,526
Interest	27,306	7,282	1,820	-	36,408
Other	14,966	13,650	3,761	-	32,377
Office supplies	12,710	11,997	697	-	25,404
Marketing and donor development	17,160	-	7,354	-	24,514
Cost of direct benefit to donors	-	-	-	31,117	31,117
Total expenses by function	2,137,242	787,914	162,578	31,117	3,118,851
Less expenses included with nonoperating activities on statement of activities					
Cost of direct benefits to donors	-	-	-	(31,117)	(31,117)
Total expenses included on the statement of activities	$ 2,137,242	$ 787,914	$ 162,578	$ -	$ 3,087,734

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

Mackintosh Academy Littleton, LLC

Statement of Cash Flows

For the years ended June 30, 2025 and 2024

	2025	2024
Reconciliation of change in net assets to net cash from operating activities		
Change in net assets	$ (275,152)	$ 20,529
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	167,189	168,852
Unrealized and realized gain on marketable securities	(23,719)	(29,437)
Change in value of beneficial interest held by community foundation	(9,764)	(8,845)
Donated stock	2,683	-
Amortization of financing costs	1,243	1,243
Changes in operating assets and liabilities:		
Employee retention credit receivable	-	(114,487)
Tuition and fees receivable	(36,021)	10,547
Prepaid expenses and other assets	7,306	(12,221)
Accounts payable and accrued expenses	(162,230)	96,103
Tuition and fees paid in advance	(210,973)	20,306
Net cash provided (used) by operating activities	(539,438)	152,590
Cash flows from investing activities		
Purchase of property and equipment	(56,666)	(264,717)
Purchase of marketable securities	(355,011)	(13,091)
Proceeds from the sale of marketable securities	320,481	-
Net cash used by investing activities	(91,196)	(277,808)
Cash flows from financing activities		
Principal payments on note payable	(55,561)	(53,327)
Payment of accounts payable for property plant and equipment	-	(52,973)
Net cash used by financing activities	(55,561)	(106,300)
Net change in cash and cash equivalents	(686,195)	(231,518)
Cash and Cash Equivalents, Beginning of Year	1,490,720	1,722,238
Cash and Cash Equivalents, End of Year	$ 804,525	$ 1,490,720
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 34,173	$ 36,408
Supplemental disclosure of Non-cash Investing Activity		
Property and equipment purchases included in accounts payable	$ -	$ 11,217

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

Note 1 – Principal activity and significant accounting policies

Organization

Mackintosh Academy (the Parent) was founded in 1977 as the first independent school in Colorado to recognize the unique needs of gifted and talented children. Committed to providing the family and community a rich resource for gifted children, Mackintosh Academy has two campuses: the first campus located on three acres in South Littleton, Colorado; and the Boulder, Colorado, campus established in 2011, situated on twenty-three acres. On July 1, 2018, independent LLCs were formed for each campus which continue to be wholly owned by the Parent. The split has allowed the two campuses to operate as financially independent entities while continuing to follow a singular core mission.

Mackintosh Academy Littleton LLC (the Academy, we, us, our) nurtures the keen minds and compassionate hearts of gifted learners so that they are inspired and empowered to contribute to a world that needs them. As an authorized International Baccalaureate (IB) School since 2006, Mackintosh Academy Littleton's mission aligns with the International Baccalaureate program's goal, "to create a better world through education." One of our cornerstone commitments, recognized by local, state and national awards, is to environmental sustainability and to educating and nurturing our students to consider their impact on the world around them.

We understand that affording an independent school education requires a significant commitment for families. Socioeconomic and ethnic diversity are important to us, and we offer tuition assistance to as many qualified families as possible. During the 2024-25 school year, we assisted 36 students financially (34% of enrolled students). Our community is generous in their support of the school and we continue to grow a culture of philanthropy. 100% of our Board members, 100% of our staff, and 70% of our current families supported Mackintosh Academy with a financial gift to our Mack Fund during the 2024-2025 year.

As a subsidiary of Mackintosh Academy, all of our assets, liabilities, net assets and activities are reported in the financial statements of the Parent entity. The financial statements presented herein include only assets, liabilities, net assets and activities of Mackintosh Academy Littleton, LLC and are not intended to be a complete presentation of the Parent's financial statements.

During the year ended June 30, 2026, the Board of Directors of Mackintosh Littleton, LLC formally approved the plan to close the School after the 2025-2026 academic year. The School anticipates selling its building and related assets during the year ending June 30, 2027, with proceeds to be used to settle liabilities and distribute any remaining assets as provided in the School's charter and relevant laws.

Cash and cash equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments held in our investment portfolio are excluded from this definition.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Tuition receivable and allowance for credit losses

Tuition and other accounts receivable consist primarily of noninterest-bearing amounts due for tuition relating to the recently completed school year. We have tracked historical loss information for our tuition receivable and compiled a historical credit loss percentage based on specifically identified balances that are unlikely to be collected. We believe that the historical loss information we have compiled is a reasonable base on which to determine expected credit losses for tuition receivable at June 30, 2025 and 2024 because the composition of the tuition receivable at those dates are consistent with that used in developing the historical credit-loss percentage (i.e. the similar risk characteristics of our customers have not changed significantly over time). Additionally, we have determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at June 30, 2025 and 2024 totaled $0 and $2,781, respectively.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2025 and 2024 no discount or allowance was determined necessary. At June 30, 2025 and 2024, promises to give in the amount of $5,934 and $8,238, respectively, are included with prepaid expenses and other assets line item in the statement of financial position are expected to be collected within one year.

Property and equipment, net

We record all property and equipment additions over $2,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. We review the carrying values of long-lived property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

Beneficial Interest in Assets Held by Community Foundation

The Parent has established a permanent endowment fund (the Fund) under Colorado Gives Foundation's (CGF) Incentive Grant Program, and named itself beneficiary. This Fund was transferred to us during the year ended June 30, 2019. Under the agreement, variance power was granted to CGF which allows CGF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of CGF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by CGF for our benefit, and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors or grantors. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when the assets are placed in service.

Revenue and Revenue Recognition

We recognize revenue from student tuition and fees, student activities, and camps during the year in which the related services are provided to students. The performance obligation of delivering educational services and activities is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition occurs either before the start of the academic year or a payment plan is set up through the academy year. Payment for activities occurs before the start of the activity. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition rates at the time revenue is recognized. Receivables from contracts with customers represent tuition receivables, net, totaling $18,887 at July 1, 2023. Contract liabilities are reported as tuition and fees paid in advance in the accompanying statement of financial position. Contract liabilities totaled $1,219,558 at July 1, 2023.

We recognize contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Donated Materials and In-Kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Academy does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No in-kind contributions were recognized during the years ended June 30, 2025 and 2024.

Advertising

Advertising costs are expensed as incurred, and totaled $23,602 and $24,514 for the years ended June 30, 2025 and 2024.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include dues and subscriptions, depreciation, office supplies utilities, repairs and maintenance and interest which are allocated on a square footage basis, as well as salaries and wages, benefits and payroll taxes and marketing and donor development, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Parent is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Academy is treated as a disregarded entity for tax purposes, and is incorporated into the Parent's tax filings. The Parent is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Parent is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose.

The Parent has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial instruments and credit risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions we believe to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2025 and 2024, we had approximately $554,000 and $1,282,500 in excess of FDIC-insured limits. To date, we have not experienced losses in any of these accounts.

Credit risk associated with tuition and ERC receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from parents and federal government. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance Committee believe that the investment policies and guidelines are prudent for our long-term welfare.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

Note 2 - Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use to purposes more narrow than our ongoing programmatic activities and services in support of those activities, within one year of the statement of financial position date, comprise the following:

	2025	2024
Cash and cash equivalents	$ 804,525	$ 1,490,720
Investments	804,476	484,723
Employee retention credit receivable	114,487	-
Tuition receivable	44,361	8,340
Promises to give due in next year	5,934	8,238
Estimated appropriation available from community foundation	4,470	-
Less net assets subject to purpose restriction	(3,890)	-
	$ 1,774,363	$ 1,992,021

In addition to financial assets available to meet general expenditures over the next 12 months, we strive to operate with a balanced budget and anticipate collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The employee retention credit is expected to be received during the year ended June 30, 2026. In 2017, we requested zero distributions from the Colorado Gives Foundation, which was changed back to 4%, as outlined in the agreement during the year ended June 30, 2025.

At June 30, 2024, endowment funds consist of donor-restricted endowments, income from which is restricted for scholarships and financial aid. Donor-restricted endowment funds are not available for general expenditure.

Note 3 - Fair value measurements and disclosures

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds and exchange-traded funds with readily determinable fair values based on daily redemption values. The fair value of our beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by Colorado Gives Foundation. This is considered a Level 3 measurement.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2025:

	2025			
	Level 1	Level 2	Level 3	Total
Operating investments				
Mutual funds	$ 645,293	$ -	$ -	645,293
Exchange-traded funds	151,067	-	-	151,067
Total investments measured at fair value	$ 480,634	$ -	$ -	480,634
Cash and money market (at cost)				8,116
Total investments				$ 484,723
Beneficial interest in assets held by community foundation	$ -	$ -	$ 121,378	$ 121,378

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2024:

	2024			
	Level 1	Level 2	Level 3	Total
Operating investments				
Mutual funds	$ 476,494	$ -	$ -	$ 476,494
Exchange-traded funds	4,140	-	-	4,140
Total investments measured at fair value	$ 480,634	$ -	$ -	480,634
Cash and money market (at cost)				4,089
Total investments				$ 484,723
Beneficial interest in assets held by community foundation	$ -	$ -	$ 111,614	$ 111,614
Endowment investments				
Mutual Funds	$ 244,049	$ -	$ -	$ 244,049
Exchange-traded funds	16,673	-	-	16,673
Total investments measured at fair value	$ 260,722	$ -	$ -	260,722
Cash and money market (at cost)				3,465
Total investments				$ 264,187

A reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2025 and 2024 is as follows:

Donor restricted endowment net assets held in Colorado Gives Foundation, July 1, 2023	$ 102,769
Investment income, net of fees	8,845
Donor restricted endowment net assets held in Colorado Gives Foundation, June 30, 2024	111,614
Investment income, net of fees	9,764
Donor restricted endowment net assets held in Colorado Gives Foundation, June 30, 2025	$ 121,378

Note 4 - Property and equipment

Property and equipment consists of the following at June 30, 2025 and 2024:

	2025	2024
Building and improvements	$ 3,918,687	$ 3,905,687
Furniture and fixtures	173,505	167,910
Equipment	176,122	138,050
Land	74,578	74,578
Less accumulated depreciation	(1,768,250)	(1,601,060)
	$ 2,574,642	$ 2,685,165

Note 5 – Note Payable

The note payable consists of 3.88% installment note, maturing February 2037, due in 180 monthly payments of principal and interest of $7,478 with a balloon payment of remaining principal, plus accrued interest, at maturity, net of unamortized debt issuance costs of $7,451 (based on an effective interest rate of 3.95%). The note is collateralized by real property assets.

Future maturities of the note payable, net of debt issuance costs, are as follows:

Years Ending June 30,	
2026	$ 57,786
2027	60,101
2028	62,435
2029	65,009
2030	67,613
Thereafter	525,392
	838,336
Less unamortized debt issuance costs	(6,209)
	$ 832,127

Note 6 – Endowment

Our endowment (the Endowment) consists of three individual funds established by donors to provide annual funding for scholarships and financial aid. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Our Board of Trustees has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. At June 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts, and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

We consider the following factors in determining whether to appropriate or accumulate donor-restricted endowment funds:

• The duration and preservation of the fund
• The purposes of the Academy and the donor-restricted endowment fund
• General economic conditions
• The possible effect of inflation and deflation
• The expected total return from income and the appreciation of investments
• Other resources of the Academy
• The investment policies of the Academy

Investment and spending policies

We have adopted investment policy for the Endowment that attempts to provide a predictable stream of funding for scholarships and financial aid. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments.

Under this policy, as approved by the Board of Trustees, endowment assets are invested in a manner intended to produce results, measured over full market cycles, which equal or exceed the price and yield results of a blended portfolio of investment securities while assuming a low-to-moderate level of investment risk. To satisfy our long-term rate-of-return objectives, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment to fund discretionary scholarships and financial aid, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Trustees, is applied to the average fair value of the Endowment investments for the prior 4 quarters at December 31 of each year to determine the spending amount for the upcoming year. No appropriations were made during the years ended June 30, 2025 and 2024. In establishing this policy, the Board of Trustees considered the long-term expected return on the Endowment and set the policy with the objective of maintaining the purchasing power of the Endowment over time. At June 30, 2025, the endowment was released by the donor and reported in net assets without donor restrictions. At June 30, 2024, funds with original gift values of $269,377, fair values of $264,187, and deficiencies of $5,190 were reported in net assets with donor restrictions.

Changes in Endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Endowment net assets, beginning of year	$ 264,187	$ 249,185
Net investment return	11,127	15,002
Released by donor	(275,314)	-
Endowment net assets, end of year	$ -	$ 264,187

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted by donors for particular purposes as follows at June 30, 2025 and 2024:

Endowment	2025	2024
Underwater endowment	$ -	$ (5,190)
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation and restricted for scholarships and financial aid	-	269,377
Total endowment	-	264,187
Perpetual in nature, subject to spending policy or appropriation beneficial interest in assets held by community foundation	121,378	111,614
Restricted by purpose	3,890	-
Total net assets with donor restrictions	$ 125,268	$ 375,801

During the year ended June 30, 2025, the original donor released funds held through the Colorado Gives Foundation and held in readily available investments considered to be an endowment. The funds held through the Colorado Gives Foundation continues to be subject to a spending policy until at a point and time when they can amend the agreement. Net assets of $275,314 were released from donor restriction that was held in an endowment by the donors. $9,645 was released from restriction upon satisfying the purpose.

Net assets of $267,541 restricted for capital projects were released from donor restrictions upon completion of construction and satisfying the restricted purpose during the year ended June 30, 2024.

Note 8 – Employee Benefits

We sponsor a Savings Incentive Match Plan (SIMPLE) IRA (the Plan), covering all active employees who are scheduled to make more than $5,000 their first year of service. Under the Plan, we match employee voluntary salary reductions up to 3% of the employee’s gross compensation. During the years ended June 30, 2025 and 2024, we contributed $36,764 and $29,679, respectively, in matching funds to the plan.

We sponsor and maintain an executive deferred compensation plan (the "Plan") under Sections 457(b) of the IRC for the benefit of a certain key former employee. Participant could make voluntary contributions to the Plans up to the maximum amount allowed by the IRS. Contributions to the Plan by us were discretionary. During the years ended June 30, 2025 and 2024, we made no contributions to the Plan. The total balance for the 457(b) plan as of June 30, 2025 and 2024 was $50,432 and $92,495, respectively.

Note 9 – Employee retention credit (ERC)

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at $10,000 of qualified wages through December 31, 2020. During the year ended June 30, 2024, we recorded a $114,487 benefit related to the credit as government assistance within the statement of activities.

The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at $7,000 per quarter. As a result of the changes to the credit, the maximum credit per employee increased from $5,000 in 2020 to $21,000 in 2021. We did not record any benefit from the expanded credit option.

We have elected to account for the credits by applying FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition. Under this method, we record contribution revenue when the contribution is deemed to be unconditional, that is when there is no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. Management has determined that the contribution is unconditional.

Our credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates. Any disallowed claims resulting from such examination could be subject to repayment to the federal government.

Note 10 – Subsequent Events

We have evaluated subsequent events through the date the financial statements were available to be issued.

During the year ended June 30, 2026, the Board of Directors of Mackintosh Littleton, LLC approved a plan to close school operations following the completion of the 2025-2026 academic year. The school intends to sell its building during the year ending June 30, 2027. Proceeds from the sale are expected to be used to satisfy the organization's remaining liabilities. Any residual assets, after the payment of liabilities, will be distributed in accordance with the organization's governing documents and applicable laws.