December 18, 2017

Jon Bacal, Chief Entrepreneurship Officer
Venture Academies
315 27th Avenue SE
Minneapolis, MN 55414

Dear Mr. Bacal,

In accordance with your request, we are attaching the accompanying PDF file, which contains an electronic final version of the financial statements of Venture Academies as of June 30, 2017. We understand that your request for the electronic copy has been made as a matter of convenience. You understand that electronic transmissions are not entirely secure and that it is possible for confidential financial information to be intercepted by others.

These financial statements and our report(s) on them are not to be modified in any manner. This final version supersedes all prior drafts. Any preliminary draft version of the financial statements previously provided to you in an electronic format should be deleted from your computer, and all printed copies of any superseded preliminary draft versions should likewise be destroyed.

Professional standards and our firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors, or "experts," in a document used in a public or private offering of equity or debt securities. Accordingly, as provided for and agreed to in the terms of our arrangement letter, Venture Academies will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, Venture Academies also agrees to provide us with printer's proofs final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when Venture Academies seeks such consent, we will be under no obligation to grant such consent or approval.

Thank you for the opportunity to serve you.

Sincerely,

Schlenner Wenner & Co.

SCHLENNER WENNER & CO.

VENTURE ACADEMIES
MINNEAPOLIS, MINNESOTA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2017

SCHLENNER WENNER & CO.
Certified Public Accountants
& Business Consultants

VENTURE ACADEMIES
MINNEAPOLIS, MINNESOTA
TABLE OF CONTENTS

INTRODUCTORY SECTION

VENTURE ACADEMIES
BOARD OF DIRECTORS AND ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2017

BOARD OF DIRECTORS

Name	Title	Term Expires
Brian Peterson	Chairperson	June 2019
Brad Pogalz	Treasurer	June 2019
Betsy Ohrn	Secretary	June 2018
Jason Davis	Director	June 2019
Jeff Robbins	Director	June 2018
Troy Strand	Director	June 2017
Wendy Swanson-Choi	Director	June 2017
Rajiv Tandon	Director	June 2017
Nilton Vega	Director	June 2018

ADMINISTRATION

Name	Title
Jon Bacal	Chief Entrepreneurship Officer
Kerry Muse	Chief Learning Officer

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

December 18, 2017

Members of the Board of Directors
Venture Academies
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of Venture Academies, Minneapolis, Minnesota (the School), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School'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 School'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 School'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.

St. Cloud 320.251.0286
Little Falls 320.632.6311
Albany 320.845.2940
Maple Lake 320.963.5414
Monticello 763.295.5070

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of Venture Academies, Minneapolis, Minnesota, as of June 30, 2017, and the respective changes in financial position thereof 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 Schedule, and Schedules of School's Proportionate Share of Net Pension Liability and School Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section and the Uniform Financial Accounting and Reporting Standards Compliance Table are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Uniform Financial Accounting and Reporting Standards Compliance Table 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 Uniform Financial Accounting and Reporting Standards Compliance Table is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 on our consideration of Venture Academies' internal control over financial reporting and 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 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 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 Venture Academies' internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minnesota Statutes, we have also issued our report dated December 18, 2017, on our consideration of Venture Academies' compliance with provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65. The purpose of the report is to determine if the School has complied with Minnesota laws and regulations. That report is an integral part of an audit performed in the State of Minnesota.

Schlenner Wenner & Co.

SCHLENNER WENNER & CO.
St. Cloud, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION

VENTURE ACADEMIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

As management of Venture Academies (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $505,279 (net position). Of this amount, the unrestricted net position is negative $617,401.

- The School's total net position decreased $723,542 as a result of current year operations.

- At the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of $685,884, an increase of $31,396 in comparison with the prior year. Approximately 86 percent of this amount, $587,409, is available for spending at the School's discretion.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $587,409, or 11 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The major features of the School's financial statements, including the portion of the School's activities they cover and the types of information they contain are summarized in the following table. The remainder of the overview section of the Management Discussion and Analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

	Government-Wide	Fund Financial Statements
		Governmental Funds
Scope	Entire Charter School	All of the activities of the School, such as regular instruction, special education, support services, building lease, and food service
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows/liability/deferred inflows information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included
Type of outflow/inflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-Wide Financial Statements
The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the School that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the School include administration, School support services, regular instruction, exceptional instruction, instructional support services, pupil support services, sites and buildings, and fiscal and other fixed cost programs. The School currently does not report any business-type activities.

The government-wide financial statements start on page 14 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Although governments often report multiple types of funds, all of the funds of the School are classified as governmental funds.

Governmental Funds

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

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

The School maintains one individual major governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from other nonmajor governmental funds is generally combined into a single, aggregated presentation. However, because the School has only one nonmajor governmental fund, this fund is also presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance.

The School adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 16 of this report.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by $505,279 at the close of the most recent fiscal year.

A significant portion of the School's net position reflects its investment in capital assets (e.g., leasehold improvements and machinery and equipment), less any related debt used to acquire those assets still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

Table 1

	Governmental Activities		
	2017	2016	Increase (Decrease)
Assets			
Current and Other Assets	$ 1,051,134	$ 795,563	$ 255,571
Capital Assets	453,417	83,977	369,440
Total Assets	1,504,551	879,540	625,011
Deferred Outflows of Resources	4,261,756	1,138,652	3,123,104
Liabilities			
Current and Other Liabilities	365,250	141,075	224,175
Noncurrent Liabilities	5,856,742	1,529,612	4,327,130
Total Liabilities	6,221,992	1,670,687	4,551,305
Deferred Inflows of Resources	49,594	129,242	(79,648)
Net Position			
Net Investment in Capital Assets	112,122	83,977	28,145
Unrestricted	(617,401)	134,286	(751,687)
Total Net Position	$ (505,279)	$ 218,263	$ (723,542)

The remaining balance of unrestricted net position may be used to meet the School's ongoing obligations to students and creditors. The balance of unrestricted net position was negative $617,401 at year end.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position
The School's net position decreased $723,542 during the most recent fiscal year. Key elements of this increase are as follows:

Changes in Net Position
Table 2

	Governmental Activities		
	2017	2016	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services	$ -	$ 4,556	$ (4,556)
Operating Grants and Contributions	2,339,494	1,370,071	969,423
General Revenues			
State Aid Not Restricted to Specific Programs	2,539,380	2,167,721	371,659
Gifts and Donations	206,716	180,390	26,326
Miscellaneous	110,144	12,595	97,549
Total Revenues	5,195,734	3,735,333	1,460,401
Expenses			
Administration	247,794	167,371	80,423
District Support Services	398,938	441,233	(42,295)
Regular Instruction	2,029,631	992,042	1,037,589
Exceptional Instruction	1,742,111	847,748	894,363
Instructional Support Services	209,465	137,873	71,592
Pupil Support Services	684,648	542,907	141,741
Sites and Buildings	585,673	511,777	73,896
Fiscal and Other Fixed Costs Programs	7,976	10,658	(2,682)
Interest and Other Fiscal Charges	13,040	-	13,040
Total Expenses	5,919,276	3,651,609	2,267,667
Change in Net Position	(723,542)	83,724	(807,266)
Net Position - Beginning of Year	218,263	134,539	83,724
Net Position - End of Year	$ (505,279)	$ 218,263	$ (723,542)

Some significant items to note include the following:

- The current year change in net position is a decrease of $807,266 over that of the prior year. This is a result of a 39.1 percent increase in revenues and a 62.1 percent increase in expenses during fiscal year 2017.
- Operating grants and contributions increased $969,423, due to changes in general education aid funding formulas and an increase in pupils.
- Expenses related to regular instruction and exceptional instruction increased $1,037,589 and $894,363, respectfully, primarily due to a change in actuarial assumptions used in the pension liability calculation.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total and Net Cost of Governmental Activities
The net cost of governmental activities is their total costs less program revenues applicable to each category. The following table presents these total and net costs.

Total and Net Costs of Services

Table 3

	Total Cost of Services			Net Cost of Services		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Administration	$ 247,794	$ 167,371	$ 80,423	$ 247,794	$ 167,371	$ 80,423
District Support Services	398,938	441,233	(42,295)	398,938	441,233	(42,295)
Regular Instruction	2,029,631	992,042	1,037,589	1,926,851	892,989	1,033,862
Exceptional Instruction	1,742,111	847,748	894,363	66,569	6,302	60,267
Instructional Support Services	209,465	137,873	71,592	209,465	137,873	71,592
Pupil Support Services	684,648	542,907	141,741	501,627	396,519	105,108
Sites and Buildings	585,673	511,777	73,896	207,522	224,037	(16,515)
Fiscal and Other Fixed Costs Programs	7,976	10,658	(2,682)	7,976	10,658	(2,682)
Interest and Other Fiscal Charges	13,040	-	13,040	13,040	-	13,040
Totals	$ 5,919,276	$ 3,651,609	$ 2,267,667	$ 3,579,782	$ 2,276,982	$ 1,302,800

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund balances of $685,884, an increase of $31,396 in comparison with prior year. The following is a summary of the School's major funds:

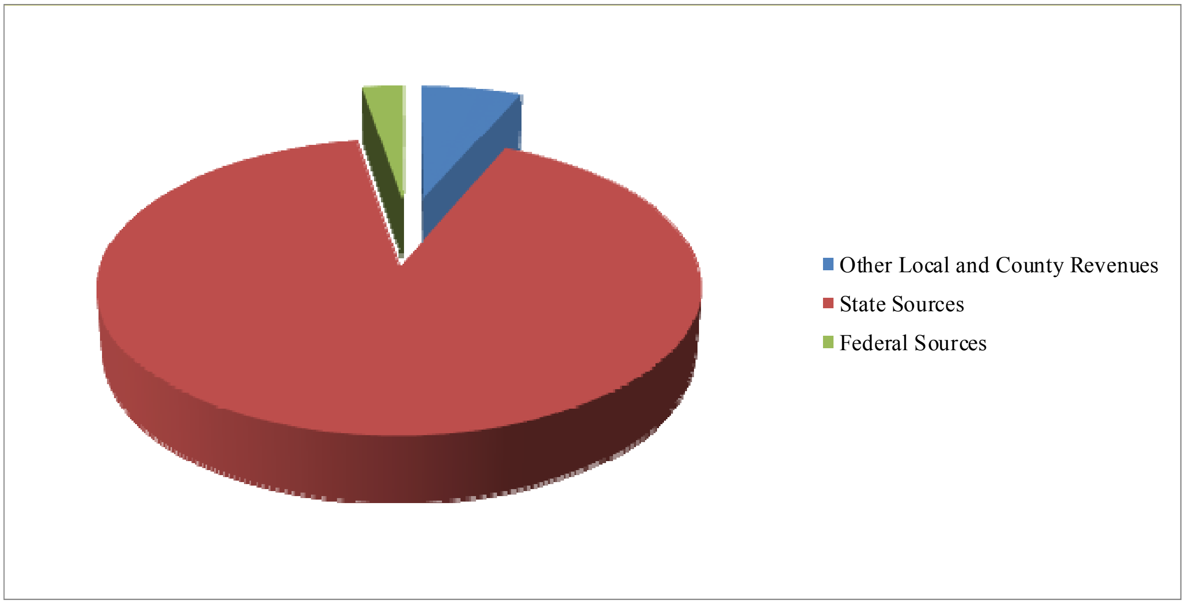
Major Funds	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General	$ 665,847	$ 634,451	$ 31,396

The fund balance of the General Fund increased by $31,396. Revenues increased approximately 39.1 percent from prior year, while expenditures increased approximately 62.1 percent.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS (Continued)

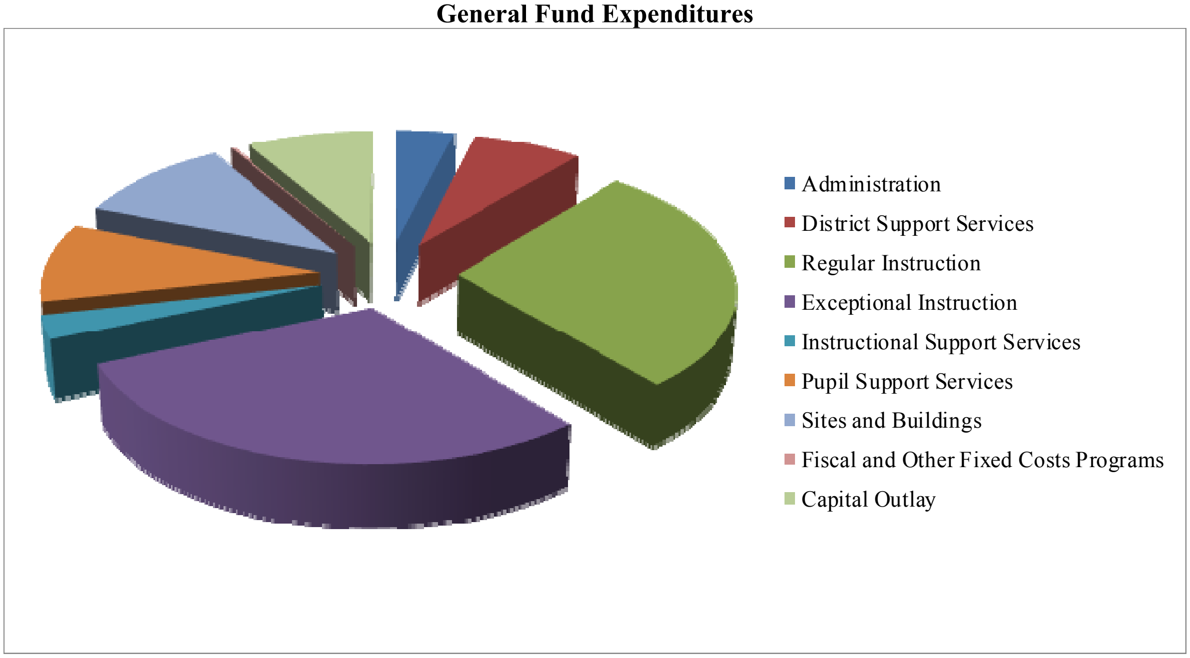
Governmental Funds (Continued)

General Fund Revenue



The School receives the vast majority of its funding in the General Fund in the State of Minnesota (91 percent), which is subject to fluctuation based on the number of pupils served by the School and changes in State legislation. In addition, the School receives approximately 3 percent of its General Fund revenues from federal sources.

General Fund Expenditures



A significant portion of the School's General Fund expenditures are used for regular and exceptional instruction (57 percent). Expenditures for various support services total 20 percent, and the remaining 23 percent consists of expenditures for administration, sites and buildings, and other items.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS (Continued)

General Fund Budgetary Highlights
The School's General Fund budget was not amended during the year. The budget called for expenditures of $4,655,419 and an increase in fund balance of $77,740.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
The School's investment in capital assets for its governmental activities as of June 30, 2017, amounts to $453,417 (net of accumulated depreciation). This investment in capital assets consists of equipment and furniture. The total increase in the School's investment in capital assets for the current fiscal year was approximately #DIV/0! percent.

Capital Assets Net of Depreciation
Table 4

	Governmental Activities		
	2017	2016	Increase (Decrease)
Equipment and Furniture	$ 76,720	$ 83,977	$ (7,257)
Leasehold Improvements	376,697	-	376,697
Total	$ 453,417	$ 83,977	$ 369,440

Additional information on the School's capital assets can be found in Note 3.B. on page 26 of this report.

Long-Term Debt
At the end of the current fiscal year, the School had total long-term debt outstanding of $341,295, excluding the School's long-term net pension liability of $5,515,447. A summary of long-term debt activity for the year ended June 30, 2017 follows:

Long-Term Debt
Table 5

	Governmental Activities		
	2017	2016	Increase (Decrease)
Loans Payable	$ 341,295	$ 100,000	$ 241,295

The School's total debt increased by $241,295 during the current fiscal year. Additional information on the Schools long-term debt can be found in Note 3.D. on page 27 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The School's appointed officials considered many factors when setting the fiscal year 2018 budget. These factors included the following:

- The school anticipates a continued increase in enrollment.
- Budgets include normal inflationary increases in expenditures, with more significant increases expected in salaries and benefits, contracted services, and food costs, mainly due to the increase in enrollment.

REQUESTS FOR INFORMATION

This financial report is designed to provide our students, taxpayers, customers, investors, and creditors with general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Venture Academies, 315 27th Avenue SE, Minneapolis, MN 55414.

BASIC FINANCIAL STATEMENTS

VENTURE ACADEMIES
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and Temporary Investments	$ 218,139
Accounts Receivable	1,200
Due from Government Agencies	753,357
Prepaids and Deposits	78,438
Capital Assets Being Depreciated (Net)	453,417
TOTAL ASSETS	1,504,551
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	4,261,756
LIABILITIES	
Accounts Payable	134,805
Salaries Payable	81,931
Payroll Deductions and Employer Contributions	23,514
Short-Term Debt	125,000
Noncurrent Liabilities:	
Amount Due Within One Year	75,843
Amount Due After One Year	265,452
Net Pension Liability	5,515,447
TOTAL LIABILITIES	6,221,992
DEFERRED INFLOWS OF RESOURCES	
Pensions	49,594
NET POSITION	
Net Investment in Capital Assets	112,122
Unrestricted	(617,401)
TOTAL NET POSITION	$ (505,279)

VENTURE ACADEMIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense)/ Revenue
Governmental Activities:				
Administration	$ 247,794	$ -	$ -	$ (247,794)
District Support Services	398,938	-	-	(398,938)
Regular Instruction	2,029,631	-	102,780	(1,926,851)
Exceptional Instruction	1,742,111	-	1,675,542	(66,569)
Instructional Support Services	209,465	-	-	(209,465)
Pupil Support Services	684,648	-	183,021	(501,627)
Sites and Buildings	585,673	-	378,151	(207,522)
Fiscal and Other Fixed Costs Programs	7,976	-	-	(7,976)
Interest and Other Fiscal Charges	13,040	-	-	(13,040)
Total Governmental Activities	$ 5,919,276	$ -	$ 2,339,494	(3,579,782)
General Revenues:				
State Aid Not Restricted to Specific Programs				2,539,380
Gifts and Donations				206,716
Miscellaneous				110,144
Total General Revenues				2,856,240
CHANGE IN NET POSITION				(723,542)
NET POSITION - BEGINNING OF YEAR				218,263
NET POSITION - END OF YEAR				$ (505,279)

VENTURE ACADEMIES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Nonmajor Food Service	Total Governmental Funds
ASSETS			
Cash and Temporary Investments	$ 208,591	$ 9,548	$ 218,139
Accounts Receivable	1,200	-	1,200
Due from Government Agencies	742,868	10,489	753,357
Prepaids and Deposits	78,438	-	78,438
TOTAL ASSETS	$ 1,031,097	$ 20,037	$ 1,051,134
LIABILITIES			
Accounts Payable	$ 134,805	$ -	$ 134,805
Salaries Payable	81,931	-	81,931
Payroll Deductions and Employer Contributions	23,514	-	23,514
Short-Term Debt	125,000	-	125,000
Total Liabilities	365,250	-	365,250
FUND BALANCES			
Nonspendable	78,438	-	78,438
Restricted	-	20,037	20,037
Unassigned	587,409	-	587,409
Total Fund Balances	665,847	20,037	685,884
TOTAL LIABILITIES AND FUND BALANCES	$ 1,031,097	$ 20,037	$ 1,051,134

VENTURE ACADEMIES
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances - governmental funds		$ 685,884
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:		
Capital Assets	$ 547,281	
Accumulated Depreciation	(93,864)	
Capital Assets (Net)		453,417
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Loans Payable		(341,295)
The net pension liability and related inflows/outflows represent the allocation of the pension obligations of the statewide plans to the District. Such balances are not reported in the funds:		
Net Pension Liability	(5,515,447)	
Deferred Outflows - Pensions	4,261,756	
Deferred Inflows - Pensions	(49,594)	
		(1,303,285)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (505,279)

VENTURE ACADEMIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Nonmajor Food Service	Total Governmental Funds
REVENUES			
Other Local and County Revenues	$ 316,860	$ -	$ 316,860
State Sources	4,497,344	4,100	4,501,444
Federal Sources	127,928	178,921	306,849
TOTAL REVENUES	4,942,132	183,021	5,125,153
EXPENDITURES			
Current:			
Administration	197,421	-	197,421
District Support Services	370,844	-	370,844
Regular Instruction	1,429,480	-	1,429,480
Exceptional Instruction	1,517,061	-	1,517,061
Instructional Support Services	148,270	-	148,270
Pupil Support Services	485,463	196,868	682,331
Sites and Buildings	538,823	-	538,823
Fiscal and Other Fixed Costs Programs	7,976	-	7,976
Capital Outlay	429,806	-	429,806
Debt Service:			
Principal	33,705	-	33,705
Interest and Other Charges	13,040	-	13,040
TOTAL EXPENDITURES	5,171,889	196,868	5,368,757
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(229,757)	(13,847)	(243,604)
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	275,000	-	275,000
Transfers In	-	13,847	13,847
Transfers Out	(13,847)	-	(13,847)
TOTAL OTHER FINANCING SOURCES (USES)	261,153	13,847	275,000
NET CHANGE IN FUND BALANCES	31,396	-	31,396
FUND BALANCES - BEGINNING	634,451	20,037	654,488
FUND BALANCES - ENDING	$ 665,847	$ 20,037	$ 685,884

VENTURE ACADEMIES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds		$ 31,396
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:		
Capital Outlay	$ 429,806	
Depreciation Expense	(60,366)	
		369,440
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long term debt and related items.		
Loan Proceeds	(275,000)	
Principal Repayments	33,705	
		(241,295)
The net pension liability does not represent the impending use of current resources. Therefore, the change in this liability and the related deferrals is not reported in the governmental funds:		(883,083)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (723,542)

See Accompanying Notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. FINANCIAL REPORTING ENTITY

Venture Academies (the School) was established in 2011 in accordance with Minnesota Statutes and began operations as an educational entity in August 2013. The School is authorized by Innovative Quality Schools and is operating under a contract extending through the 2017-2018 school year. The School is directed by a nine member Board of Directors (the Board). The Board exercises legislative authority and determines all matters of policy. The Board appoints personnel responsible for the proper administration of all affairs relating to the School. The accompanying financial statements present the government entities for which the School is considered to be financially accountable.

The School has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Based on these criteria, there are currently no entities considered to be component units of the School.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. In accordance with Minnesota State Statutes, the School's Board has elected to control and exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are included in the basic financial statements as part of the General Fund.

1.B. 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 nonfiduciary activities of the primary government. For the most part, interfund activities have been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants 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 operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

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

1.C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of Venture Academies have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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. Expenses are classified by function for governmental activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

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 measureable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payment is due. In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character	Current (further classified by function)
	Capital Outlay
	Debt Service, if any

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measureable and become available.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The School reports the following major governmental fund:

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

Additionally, the government reports the following fund types:

The *Special Revenue Fund* accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

1.D. USE OF ESTIMATES

The 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY

Deposits and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable participation by each of the funds. Temporary cash investments are stated at cost which approximates fair value. Investments in external investment pools, if any, are valued at the pool's share price.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. No substantial losses are anticipated from present receivable balances; therefore, no allowance for uncollectible accounts is deemed necessary.

Due from Other Governments

Amounts due from the Minnesota Department of Education, from the federal government through the Department of Education and from other governmental units for general education aids and reimbursements under various specific programs are reported at the estimated amounts to be received based on available information at the date of this report. In some instances, adjustments and proration by these agencies, which are dependent upon the amount of funds available for distribution, and may result in differing amounts actually being received. Any such differences will be absorbed into operations of the subsequent period.

Prepaids and Deposits

Prepaids and deposits represent amounts paid in advance for goods and services not yet received, such as services and supplies purchased for use in subsequent periods. Also included in this account is a $75,000 security deposit paid to the School's landlord. Such amount is to be returned to the School upon termination of the lease, dependent upon the School's compliance with the provisions of the lease agreement.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School maintains a threshold level of $500 or more for capitalizing capital assets. The system for accumulation of capital assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School, no salvage value is taken into consideration for depreciation purposes. Capital assets consist of equipment owned by the School which is being depreciated over useful lives varying from five to twenty years.

Accrued Payroll Liabilities

Salaries pertaining to the school year ended June 30, 2017, which are payable in July and August 2017, are accrued as of June 30, 2017, and are shown as a liability on the accompanying financial statements. Liabilities for payroll taxes, amounts withheld from payroll checks and benefits accrued are also included.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY (Continued)

Compensated Absences Payable

Unused paid time off at year end does not carry forward to subsequent years, and employees are not compensated for unused paid time off upon termination. Therefore, no amount has been accrued for accrued paid time off in the financial statements.

Net Pension Liability

The net pension liability represents the School's allocation of its pro-rata share of the statewide pension plans net pension liability.

PERA

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by TRA.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

Interfund Transactions and Balances

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. If short-term in nature or incurred through goods and service type transactions, such interfund balances are reported as "due to/from other funds." Long-term interfund loans are reported as "advances to/from other funds." Interfund transactions and balances between governmental funds are eliminated in the Statement of Net Position.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods, and therefore, will not be recognized as an outflow of resources (expense) until that time. The School reports deferred outflows of resources in the government-wide Statement of Net Position in relation to the activity of the pension funds in which School employees participate.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The School reports deferred inflows of resources in the government-wide Statement of Net Position in relation to the activity of the pension funds in which School employees participate. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available.

See Note 4 for additional information pertaining to the deferred outflows and deferred inflows recorded to account for pension activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY (Continued)

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or they are legally or contractually required to be maintained intact. Nonspendable fund balance in the General Fund consists of prepaids and deposits.

Restricted – Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board of Directors (the Board), which is the School's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned – Amounts that are neither restricted or committed but are constrained by the School's intent to be used for specific purposes. The Board currently has the authority to assign as it has not delegated this ability to an official.

Unassigned – The residual classification for the General Fund and also negative residual amounts in other funds, if any.

When both restricted and unrestricted resources are available for use, it is the School's practice to first use restricted resources, and then use unrestricted resources as they are needed. If resources from more than one fund balance classification could be spent, the School will spend the resources from fund balance classifications in the following order: committed, assigned and unassigned, in accordance with the School's policy.

The School has formally adopted a policy under which it strives to maintain a minimum unassigned General Fund balance equal to approximately 20 percent of annual General Fund expenditures by the end of the School's fifth year of operations, which will be June 30, 2018.

Net Position

Net position represents the difference between assets and liabilities. Net position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquiring the capital assets.

Restricted – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Unrestricted – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

It is the School's policy to consider restricted net position to its depletion before unrestricted net position is applied.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature, the School is subject to various federal, state, and local laws and contractual regulations. The School complies with all state and local laws and regulations requiring the use of separate funds.

2.A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and special revenue fund. Formal budgetary integration is employed as a management control device. All annual appropriations lapse at fiscal year-end. The School Board must approve revisions to budgeted amounts. For the year ended June 30, 2017, actual expenditures exceeded budgeted amounts by $516,470.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriations, is employed by the School to assure effective budgetary control and to facilitate effective cash planning and control. All appropriations lapse at year-end. Encumbrance information, however, has not been incorporated into the financial statements.

NOTE 3 DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. DEPOSITS AND INVESTMENTS

Deposits

In accordance with applicable Minnesota Statutes, the School maintains deposits in financial institutions designated by the School Board. Minnesota Statutes require that all School deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The School complies with such laws.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- A general obligation of a state or local government, with taxing powers, rated “A” or better;
- A revenue obligation of a state or local government, with taxing powers, rated “AA” or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank’s public debt is rated “AA” or better by Moody’s or Standard and Poor’s; or
- Time deposits insured by any federal agency.

Minnesota Statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the School.

At June 30, 2017, the School's deposits were not exposed to custodial credit risk. The School's deposits were sufficiently covered by federal depository insurance or by collateral held by the School’s agent in the School's name.

NOTE 3 DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.A. DEPOSITS AND INVESTMENTS (Continued)

Investments

The School may also invest idle funds as authorized by *Minnesota Statutes* as follows: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A: or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The School does not have any investment policies that would further limit investment choices.

The School does not hold any investments as of June 30, 2017.

3.B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated				
Equipment and Furniture	$ 117,475	$ 11,254	$ -	$ 128,729
Leasehold Improvements	-	418,552	-	418,552
Total Capital Assets Being Depreciated	117,475	429,806	-	547,281
Less Accumulated Depreciation for				
Equipment and Furniture	33,498	18,511	-	52,009
Leasehold Improvements	-	41,855	-	41,855
Total Accumulated Depreciation	33,498	60,366	-	93,864
Governmental Activities Capital Assets, Net	$ 83,977	$ 369,440	$ -	$ 453,417

NOTE 3 DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.B. CAPITAL ASSETS (Continutted)

Depreciation expense was charged to functions of the School as follows:

Governmental Activities	
District Support Services	$ 3,696
Regular Instruction	9,006
Exceptional Instruction	814
Sites and Buildings	46,850
Total Depreciation Expense - Governmental Activities	$ 60,366

3.C. SHORT-TERM DEBT

In April 2017, the School issued a short-term promissory note for up to $125,000 for the purpose of facilitating cash flows. Such note carried an interest rate of 6.0% and was to be repaid in monthly installments of interest only. The full outstanding principal balance is to be paid in full by November 26, 2017, the maturity date of the loan. Collateral pledged to secure the note consisted of virtually all the assets of the School. Principal activity on the note during the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Short-Term Promissory Note	$ -	$ 125,000	$ -	$ 125,000

3.D. NONCURRENT LIABILITIES

Long-Term Debt

In June 2016, the School issued a loan for $225,000 with an interest rate of 6.0% to provide funds for the construction of leasehold improvements. On the closing date, $100,000 was placed in the School's operating account. During the year-ended June 30, 2017, the School drew an additional $75,000 on this loan. The School does not anticipate additional draws on this loan will be necessary.

In May 2017, the School issued a loan for $200,000 with an interest rate of 6.0% to provided additional funds for the construction of leasehold improvements. Loans currently outstanding are as follows:

Description	Original Issue Amount	Interest Rates	Final Maturity Date	Balance Outstanding
Governmental Activities				
Western Bank	$ 225,000	6.00%	6/13/2021	$ 141,295
American National Bank	200,000	6.00%	5/24/2022	200,000
	Total Governmental Activities Debt			341,295
	Debt Due Within One Year			75,843
	Debt Due After One Year			265,452

Government-wide interest and fiscal charges for 2017 total $13,040 on the Statement of Activities. Fund financial statement interest and fiscal charges for 2017 total $13,040. Interest expenses included in direct program expenses total $0; all loan interest and fees are included in interest and other fiscal charges.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

NOTE 3 DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

3.D. NONCURRENT LIABILITIES (Continued)

Debt Service Requirements

At June 30, 2017, estimated annual debt service requirements to maturity for loans are as follows:

Governmental Activities			
Years Ending June 30,	Principal	Interest	Total
2018	$ 75,843	$ 18,815	$ 94,658
2019	90,332	13,662	103,994
2020	86,086	8,061	94,147
2021	45,162	4,173	49,335
2022	43,872	1,348	45,220
Total	$ 341,295	$ 46,059	$ 387,354

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Loans Payable	$ 100,000	$ 275,000	$ 33,705	$ 341,295	$ 75,843
Net Pension Liability	1,429,612	4,085,835	-	5,515,447	-
Total	$ 1,529,612	$ 4,360,835	$ 33,705	$ 5,856,742	$ 75,843

Loans and net pension liability are typically funded through the General Fund.

3.E. INTERFUND TRANSACTIONS

Operating transfers consist of the following for the year ended June 30, 2017:

Transfer From	Transfer To	Amount	Reason
General	Food Service	$ 13,847	To eliminate deficit Food Service Fund change in fund balance

Transfers are used to (a) move revenues from the fund in which statute or budget requires the revenue be collected to the fund in which statute or budget requires the dollars be expended and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 4 DEFINED BENEFIT PENSION PLANS - STATEWIDE

4.A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Descriptions

The School participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the School other than teachers are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by State Statute and can only be modified by the State Legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given one percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method I, the annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Contributions

Minnesota Statutes Chapter 353 set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2017; the School was required to contribute 7.50 percent for Coordinated Plan members. The School's contributions to the General Employees Fund for the year ended June 30, 2017, were $77,633. The School’s contributions were equal to the required contributions for each year as set by state statute.

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Costs

General Employees Fund Pension Costs

At June 30, 2017 the School reported a liability of $649,560 for its proportionate share of the General Employees Fund net pension liability. The School's net pension liability reflected a reduction due to the State of Minnesota's contribution of $6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the School totaled $8,479. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the School's proportion was 0.0080 percent which was an increase of 0.0019 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017 the School recognized pension expense of $114,648 for its proportionate share of the General Employees Plan's pension expense. In addition, the School recognized an additional $2,528 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $6 million to the General Employees Fund.

At June 30, 2017, the School reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,466	$ 49,458
Changes in actuarial assumptions	137,027	-
Differences between projected and actual investment earnings	77,586	-
Changes in proportion and differences between contributions made and the School's proportionate share of contributions	144,188	-
School's contributions subsequent to the measurement date	77,633	-
Total Deferred Outflows/Inflows	$ 437,900	$ 49,458

A total of $77,633 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense
2018	$ 106,822
2019	$ 95,512
2020	$ 85,013
2021	$ 23,462

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	Rates
Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the General Employees Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: one percent per year for all future years for the General Employees Plan.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2016:

General Employees Fund

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability in 2016 was 7.50 percent, a reduction from the 7.90 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liability Sensitivity

The following presents the School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity of Net Pension Liability at Current Single Discount Rate		
	Rates	Amounts
1% Decrease in Discount Rate	6.50%	$922,568
Current Discount Rate	7.50%	$649,560
1% Increase in Discount Rate	8.50%	$424,676

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

4.B. TEACHERS RETIREMENT ASSOCIATION

Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with *Minnesota Statutes*, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the cities of Duluth and St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by the Minnesota State may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

Benefits Provided

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.B. TEACHERS RETIREMENT ASSOCIATION (Continued)

Benefits Provided (Continued)

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	1st ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	1st ten years if service years are prior to July 1, 2006	1.2% per year
	1st ten years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are prior to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006 or after	1.9% per year

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) 3.0% per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for Coordinated members and 2.7% per year for Basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.B. TEACHERS RETIREMENT ASSOCIATION (Continued)

Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2016, and June 30, 2017, were:

	Employee	Employer
Basic	11.0%	11.5%
Coordinated	7.5%	7.5%

The School's contributions to TRA for the plan's fiscal year ended June 30, 2017 were $118,826. The School's contributions were equal to the required contributions for each year as set by state statute.

The following is a reconciliation of employer contributions in TRA 's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	$354,961,140
Add employer contributions not related to future contribution efforts	26,356
Deduct TRA's contributions not included in allocation	(442,978)
Total employer contributions	$354,544,518
Total non-employer contributions	35,587,410
Total contributions reported in *Schedule of Employer and Non-Employer Allocations*	$390,131,928

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.B. TEACHERS RETIREMENT ASSOCIATION (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information:	
Valuation date	July 1, 2016
Experience study	June 5, 2015
Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	4.66%, from the Single Equivalent Interest Rate calculation
Price inflation	2.75%
Wage growth rate	3.50%
Projected salary increase	3.5 – 9.5%
Cost of living adjustment	2.0%
Mortality Assumptions:	
Pre-retirement:	RP- 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
Post-retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability:	RP-2014 disabled retiree mortality table, without adjustment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Unallocated Cash	2%	0.50%
Total	100%	

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.B. TEACHERS RETIREMENT ASSOCIATION (Continued)

Actuarial Assumptions (Continued)

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6 years. The “Difference Between Expected and Actual Experience,” “Changes of Assumptions,” and “Changes in Proportion” use the amortization period of 6 years in the schedule presented. The amortization period for “Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments” is over a period of 5 years as required by GASB 68.

Discount Rate

The discount rate used to measure the total pension liability was 4.66 percent. This is a decrease from the discount rate at the prior measurement date of 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be depleted in 2052 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return was applied to periods before 2052 and the Municipal Bond Index Rate of 3.01 percent was applied to periods on and after 2052, resulting in a SEIR of 4.66 percent. Based on Fiduciary Net Position at prior year measurement date, the discount rate of 8.00 percent was used and it was not necessary to calculate the SEIR.

Net Pension Liability

At June 30, 2017, the School reported a liability of $4,865,887 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The School's proportionate share was 0.0204 percent at the end of the measurement period and 0.0180 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the School as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the School were as follows:

School’s proportionate share of net pension liability	$4,865,887
State’s proportionate share of the net pension liability associated with the School	$487,372

There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date. Post-retirement benefit adjustments are now assumed to be 2.0 percent annually. While in the previous measurement the COLA increased to 2.5 in 2034.

For the year ended June 30, 2017, the School recognized pension expense of $745,780. It also recognized $68,053 as an increase to pension expense for the support provided by direct aid.

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.B. TEACHERS RETIREMENT ASSOCIATION (Continued)

Net Pension Liability (Continued)

On June 30, 2017, the School had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 42,056	$ 136
Changes in actuarial assumptions	2,765,715	-
Differences between projected and actual investment earnings	216,844	-
Changes in proportion and differences between contributions made and the School's proportionate share of contributions	680,415	-
School's contributions subsequent to the measurement date	118,826	-
Total Deferred Outflows/Inflows	$ 3,823,856	$ 136

A total of $118,826 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense
2018	$ 819,581
2019	$ 819,581
2020	$ 857,534
2021	$ 643,838
2022	$ 564,360

Pension Liability Sensitivity

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 4.66 percent as well as the liability measured using one percent lower and one percent higher.

Sensitivity of Net Pension Liability at Current Single Discount Rate		
	Rates	Amounts
1% Decrease in Discount Rate	3.66%	$6,268,478
Current Discount Rate	4.66%	$4,865,887
1% Increase in Discount Rate	5.66%	$3,723,522

The School's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

NOTE 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

4.B. TEACHERS RETIREMENT ASSOCIATION (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling (651) 296-2409 or 800-657-3669.

NOTE 5 OTHER INFORMATION

5.A. COMMITMENTS AND CONTINGENCIES

Building Lease

The School currently rents a building under a 10 year lease effective through the year ended June 30, 2023. Under the terms of the lease, annual rent shall be the greater of the minimum rent as defined below or the product of the average number of enrolled pupil units for the year multiplied by the effective rate for lease aid per pupil (as determined by the Minnesota Department of Education) at that time. At the end of the initial 10 year term, the School will have the option to extend the lease for an additional 10 year period, with a revised monthly base rent approximating market rates.

At June 30, 2017, estimated future minimum rent payments are as follows:

Year Ended June 30,	Amount
2018	$ 408,000
2019	$ 442,570
2020	$ 458,895
2021	$ 458,895
2022-2023	$ 917,790
	$ 2,686,150

For the year ended June 30, 2017, rent expenditures under the building lease total $413,869.

Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time. However, management of the School expects such amounts, if any, to be immaterial.

5.B. RISK MANAGEMENT – CLAIMS AND JUDGMENTS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To manage these risks, the School purchases commercial insurance. The School retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURE ACADEMIES
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original / Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES			
Other Local and County Revenues	$ 233,990	$ 316,860	$ 82,870
State Sources	4,191,001	4,497,344	306,343
Federal Sources	101,468	127,928	26,460
TOTAL REVENUES	4,526,459	4,942,132	415,673
EXPENDITURES			
Current:			
Administration	149,706	197,421	47,715
District Support Services	382,769	370,844	(11,925)
Regular Instruction	1,184,579	1,440,734	256,155
Exceptional Instruction	1,473,806	1,517,061	43,255
Instructional Support Service	178,866	148,270	(30,596)
Pupil Support Services	413,822	485,463	71,641
Site and Buildings	811,016	957,375	146,359
Fiscal and Other Fixed Costs Programs	3,466	7,976	4,510
Debt Service:			
Principal	52,389	33,705	(18,684)
Interest and Other Charge	5,000	13,040	8,040
TOTAL EXPENDITURES	4,655,419	5,171,889	516,470
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(128,960)	(229,757)	(100,797)
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	225,000	275,000	50,000
Transfers Out	(18,300)	(13,847)	4,453
TOTAL OTHER FINANCING SOURCES (USES)	206,700	261,153	54,453
NET CHANGE IN FUND BALANCES	$ 77,740	31,396	$ (46,344)
FUND BALANCES - BEGINNING		634,451	
FUND BALANCES - ENDING		$ 665,847	

VENTURE ACADEMIES
SCHEDULE OF SCHOOL'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY
LAST TEN YEARS (Presented Prospectively)

For the Measurement Year Ended June 30	School's Proportion of the Net Pension Liability (Asset)	School's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the School (b)	School's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the School (a+b)	School's Covered-Employee Payroll (c)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Public Employees Retirement Association							
2016	0.0080%	$ 649,560	$ 8,479	$ 658,039	$ 497,640	130.5%	68.9%
2015	0.0061%	$ 316,134	$ -	$ 316,134	$ 344,093	91.9%	78.2%
2014*	0.0035%	$ 164,412	$ -	$ 164,412	$ 189,872	86.6%	78.7%
Teachers Retirement Association							
2016	0.0204%	$ 4,865,887	$ 487,372	$ 5,353,259	$ 1,069,973	454.8%	44.9%
2015	0.0180%	$ 1,113,478	$ 136,525	$ 1,250,003	$ 913,886	121.8%	76.8%
2014*	0.0116%	$ 534,520	$ 37,554	$ 572,074	$ 527,914	101.3%	81.5%

* The schedule is provided prospectively with the School's fiscal year ended June 30, 2015 (June 30, 2014 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

VENTURE ACADEMIES
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
LAST TEN YEARS (Presented Prospectively)

For the Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	School's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
Public Employees Retirement Association					
2017	$ 77,633	$ 77,633	$ -	$ 1,035,107	7.5%
2016	$ 37,323	$ 37,323	$ -	$ 497,640	7.5%
2015*	$ 25,807	$ 25,807	$ -	$ 344,093	7.5%
Teachers Retirement Association					
2017	$ 118,826	$ 118,826	$ -	$ 1,584,347	7.5%
2016	$ 80,248	$ 80,248	$ -	$ 1,069,973	7.5%
2015*	$ 69,032	$ 69,032	$ -	$ 913,886	7.6%

* The schedule is provided prospectively with the School's fiscal year ended June 30, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

OTHER SUPPLEMENTARY INFORMATION

VENTURE ACADEMIES
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2017

01 GENERAL FUND	Audited	UFARS	Difference
Total Revenue	4,942,132	4,942,130	2
Total Expenditures	5,171,889	5,171,892	(3)
Non Spendable:			
460 Non Spendable Fund Balance	78,438	78,438	-
Restricted/Reserve:			
403 Staff Development	-	-	-
406 Health & Safety	-	-	-
407 Capital Projects Levy	-	-	-
408 Cooperative Revenue	-	-	-
409 Alternative Fac Program	-	-	-
413 Project Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maint	-	-	-
423 Certain Teacher Programs	-	-	-
424 Operating Capital	-	-	-
426 $25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning & Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alt. Programs	-	-	-
436 St. Approved Alt. Program	-	-	-
438 Gifted & Talented	-	-	-
441 Basic Skills Programs	-	-	-
445 Career & Tech Programs	-	-	-
448 Achievement & Integration	-	-	-
449 Safe Schools Levy	-	-	-
450 Prekindergarten	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liab Not in Trust	-	-	-
453 Unfunded Sev. & Retirement	-	-	-
467 LTFM	-	-	-
472 Medical Assistance	-	-	-
Restricted:			
464 Restricted Fund Balance	-	-	-
Committed:			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
Assigned:			
462 Assigned Fund Balance	-	-	-
Unassigned:			
422 Unassigned Fund Balance	587,409	587,407	2

02 FOOD SERVICE			
Total Revenue	183,021	183,021	-
Total Expenditures	196,868	196,867	1
Non Spendable:			
460 Non Spendable Fund Balance	-	-	-
Restricted/Reserve:			
452 OPEB Liab. Not in Trust	-	-	-
Restricted:			
464 Restricted Fund Balance	20,037	20,036	1
Unassigned:			
463 Unassigned Fund Balance	-	-	-

04 COMMUNITY SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Non Spendable:			
460 Non Spendable Fund Balance	-	-	-
Restricted/Reserve:			
426 $25 Taconite	-	-	-
431 Community Education	-	-	-
432 E.C.F.E.	-	-	-
444 School Readiness	-	-	-
447 Adult Basic Education	-	-	-
452 OPEB Liab. Not in Trust	-	-	-
Restricted:			
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

06 BUILDING CONSTRUCTION	Audited	UFARS	Difference
Total Revenue	-	-	-
Total Expenditures	-	-	-
Non Spendable:			
460 Non Spendable Fund Balance	-	-	-
Restricted/Reserve:			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
Restricted:			
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

07 DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Non Spendable:			
460 Non Spendable Fund Balance	-	-	-
Restricted/Reserve:			
425 Bond Refundings	-	-	-
451 QZAB Payments	-	-	-
Restricted:			
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
422 Net Assets	-	-	-

20 INTERNAL SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
422 Net Assets	-	-	-

25 OPEB REVOCABLE TRUST FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
422 Net Assets	-	-	-

45 OPEB IRREVOCABLE TRUST FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
422 Net Assets	-	-	-

47 OPEB DEBT SERVICE FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Non Spendable:			
460 Non Spendable Fund Balance	-	-	-
Restricted:			
425 Bond Refundings	-	-	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

OTHER REQUIRED REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 18, 2017

Members of the Board of Directors
Venture Academies
Minneapolis, Minnesota

We have audited, in accordance with the 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 the governmental activities, the major fund, and the remaining fund information of Venture Academies (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Venture Academies' basic financial statements, and have issued our report thereon dated December 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Venture Academies' 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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.

St. Cloud 320.251.0286
Little Falls 320.632.6311
Albany 320.845.2940
Maple Lake 320.963.5414
Monticello 763.295.5070

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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St. Cloud, Minnesota

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CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS

Professional Association

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

December 18, 2017

Members of the Board of Directors
Venture Academies
Minneapolis, Minnesota

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 the governmental activities, the major fund, and the remaining fund information of Venture Academies, Minneapolis, Minnesota (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2017.

The *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards and charter schools. Our audit considered both of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the School failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the School's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Schlenner Wenner & Co.

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