Rea & associates a brighter way

FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS

FRANKLIN COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

CPAs and business consultants
www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Focus Learning Academy of Northern Columbus
1880 E. Dublin Granville Road
Columbus, Ohio 43229

We have reviewed the *Independent Auditor's Report* of the Focus Learning Academy of Northern Columbus, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Focus Learning Academy of Northern Columbus is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2021

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FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS
FRANKLIN COUNTY, OHIO

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January 26, 2021

To the Board of Directors
Focus Learning Academy of Northern Columbus
Franklin County, Ohio
1880 E. Dublin Granville Road
Columbus, Ohio 43229

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Focus Learning Academy of Northern Columbus, Franklin County, Ohio, (the "School") as of and for the year ended June 30, 2020, 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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Focus Learning Academy of Northern Columbus, Franklin County, Ohio, as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 18 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will continue to impact subsequent periods of the School. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Schedule of the School's Proportionate Share of the Net Pension Liability, Schedule of the School's Contributions-Pension, Schedule of the School's Proportionate Share of the Net OPEB Asset/Liability,* and the *Schedule of the School's Contributions - OPEB* as listed in the table of contents, 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 an opinion on the financial statements that collectively comprise the School's basic financial statements. The *Schedule of Expenditures of Federal Awards,* as *required* by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *Schedule of Expenditures of Federal Awards* 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 *Schedule of Expenditures of Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Dublin, Ohio

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The management's discussion and analysis of the financial performance of the Focus Learning Academy of Northern Columbus (the "School") provides an overall review of the School's financial activities for the fiscal year ending June 30, 2020. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, the School's net position increased $16,597 from June 30, 2019 net position.
- The School had total revenues of $6,704,470, including operating revenues of $4,610,503 and non-operating revenues of $2,093,967, which supported total expenses of $6,687,873 during fiscal year 2020.
- Received a Quality Community School Grant in the amount of $757,140.
- Received a PPP loan in the amount of $587,070.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the School, including all short-term and long-term financial resources and obligations. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations.

Reporting the School's Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows

These statements consider all financial transactions and address the question, "How did the School perform financially during 2020?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the School's net position and changes in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's net pension liability and net OPEB liability/asset.

The table below provides a summary of the School's net position at June 30, 2020 and June 30, 2019.

(Table 1)
Statement of Net Position

	2020	2019	Change
Assets			
Current Assets	$ 1,800,908	$ 464,000	$ 1,336,908
Capital Assets, Net	14,258	104,284	(90,026)
Net OPEB Asset	234,143	218,615	15,528
Total Assets	2,049,309	786,899	1,262,410
Deferred Outflows of Resources			
Pension & OPEB	1,654,198	2,232,797	(578,599)
Liabilities			
Current Liabilities	194,454	204,091	(9,637)
Long Term Liabilities	5,116,449	4,411,531	704,918
Total Liabilities	5,310,903	4,615,622	695,281
Deferred Inflows of Resources			
Pension & OPEB	594,907	622,974	(28,067)
Net Position			
Investment in Capital Assets	14,258	42,734	(28,476)
Unrestricted	(2,216,561)	(2,261,634)	45,073
Total Net Position	$ (2,202,303)	$ (2,218,900)	$ 16,597

The net pension liability (NPL) is the largest single liability reported by the School at June 30, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68 and GASB 75, the School is reporting a net pension liability and net OPEB liability, a net OPEB asset, and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the School's net position is a deficit balance of $2,202,303. At year-end, capital assets, net of accumulated depreciation, represented 1% percent of total assets. Capital assets at June 30, 2020 consisted of equipment and leasehold improvements. Capital assets are used to provide services to students and are not available for future spending.

The increase in current assets is primarily attributed to receiving a PPP loan and an increase in state and federal monies causing increases in cash from operations offset by decreases in intergovernmental receivables.

The increase in total liabilities is attributed to a PPP loan offset by decreases in capital leases payable and changes in accruals related to changes in GASB 68 and GASB 75.

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The table below shows the change in net position for fiscal years 2020 and 2019.

(Table 2)
Change in Net Position

	2020	2019	Change
Operating Revenue			
State Foundation	$ 4,563,250	$ 4,225,397	$ 337,853
Other Operating Revenues	47,253	14,352	32,901
Non-Operating Revenue			
Grants	2,084,818	1,101,085	983,733
Contributions	9,149	0	9,149
Total Revenues	6,704,470	5,340,834	1,363,636
Operating Expenses			
Salaries	2,229,979	2,210,701	19,278
Fringe Benefits	1,429,419	621,451	807,968
Purchased Services	2,674,901	2,222,201	452,700
Materials and Supplies	248,927	199,272	49,655
Other Operating Expenses	55,861	41,619	14,242
Depreciation	43,534	59,797	(16,263)
Non-Operating Expenses			
Interest Expense	5,252	3,555	1,697
Total Expenses	6,687,873	5,358,596	1,329,277
Change in Net Position	16,597	(17,762)	34,359
Net Position Beginning of Year	(2,218,900)	(2,201,138)	(17,762)
Net Position End of Year	$ (2,202,303)	$ (2,218,900)	$ 16,597

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from federal entitlement programs. Aid through the state foundation, federal and state grants and entitlements increased from fiscal year 2019. The overall increase in revenue can be attributed to a Quality Community School grant, Student Wellness grant and an increase in State Aid.

Operating expenses increased primarily the result of the pension expense and OPEB expense reported under GASB 68 and GASB 75, also an increase in professional and technical services, property services and contracted employees due to servicing more students.

Capital Assets

At June 30, 2020, the School had $14,258, net of accumulated depreciation, invested in capital assets. The School recognized $43,534 in depreciation expense during fiscal year 2020. Refer to Note 10 in the notes to the basic financial statements for more detail on the School's capital assets.

Capital Assets at June 30
(Net of Depreciation)

	2020	2019
Equipment	$ 7,111	$ 75,009
Leasehold Improvements	7,147	29,275
Total Capital Assets	$ 14,258	$ 104,284

Debt Administration

At June 30, 2020, the School had $587,070 in loans outstanding due to entering into SBA PPP loan agreement. As the date of this report, the loan was forgiven. See Note 9 in the notes for additional information on the School's debt administration.

Current Financial Related Activities

The School operates by hiring employees directly and offering education to students in kindergarten through grade 8. The School's sponsor, the North Central Ohio Educational Service Center, receives a fee equal to three percent of aid received through the state foundation. The financial outlook over the next several years is closely related to the School's enrollment and economic conditions in central Ohio.

The United States and the State of Ohio declared a state of emergency in March 2020, due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School.

Contacting the School's Financial Management

This financial report is designed to provide our citizens and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cynthia Mercer, Treasurer for the Focus Learning Academy of Northern Columbus, 1880 East Dublin-Granville Road, Columbus, OH 43229.

FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS
FRANKLIN COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2020

Assets	
Current Assets	
Cash and Cash Equivalents	$ 1,675,095
Receivables:	
Intergovernmental	125,813
Total Current Assets	1,800,908
Noncurrent Assets	
Net OPEB Asset	234,143
Depreciable Capital Assets, Net	14,258
Total Non-Current Assets	248,401
Total Assets	2,049,309
Deferred Outflows of Resources	
Pension	1,452,196
OPEB	202,002
Total Deferred Outflows of Resources	1,654,198
Liabilities	
Current Liabilities	
Accounts Payable	77,190
Accrued Wages and Benefits	92,106
Intergovernmental Payable	25,158
Total Current Liabilities	194,454
Long-Term Liabilities	
Net Pension Liability	4,138,938
Net OPEB Liability	390,441
Loan Payable - PPP	587,070
Total Non-Current Liabilities	5,116,449
Total Liabilities	5,310,903
Deferred Inflows of Resources	
Pension	184,439
OPEB	410,468
Total Deferred Inflows of Resources	594,907
Net Position	
Investment in Capital Assets	14,258
Unrestricted (Deficit)	(2,216,561)
Total Net Position	$ (2,202,303)

See accompanying notes to the basic financial statements.

FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS
FRANKLIN COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenues	
Foundation Basic Aid	$ 4,563,250
Other Operating Revenues	47,253
Total Operating Revenues	4,610,503
Operating Expenses	
Salaries and Wages	2,229,979
Fringe Benefits	1,429,419
Purchased Services	2,674,901
Materials and Supplies	248,927
Other	55,861
Depreciation	43,534
Total Operating Expenses	6,682,621
Operating Income (Loss)	(2,072,118)
Non-Operating Revenues (Expenses)	
Federal and State Grants	2,084,818
Interest and Fiscal Charges	(5,252)
Contribution	9,149
Total Non-Operating Revenues (Expenses)	2,088,715
Change in Net Position	16,597
Net Position Beginning of Year	(2,218,900)
Net Position End of Year	$ (2,202,303)

See accompanying notes to the basic financial statements.

FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS
FRANKLIN COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From State Foundation	$ 4,551,466
Other Cash Receipts	47,253
Cash Payments for Personal Services	(2,998,797)
Cash Payments for Goods and Services	(2,879,253)
Other Cash Payments	(41,645)
Net Cash Provided by (Used for) Operating Activities	(1,320,976)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Payment on Capital Lease	(61,550)
Contributions Received	55,641
Interest Expense	(5,252)
Net Cash Provided by (Used for) Capital & Related Financing Activities	(11,161)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants Received	2,296,716
Proceeds from Loan Payable - PPP	587,070
Net Cash Provided by (Used for) Non-Capital Financing Activities	2,883,786
Net Increase (Decrease) in Cash and Cash Equivalents	1,551,649
Cash and Cash Equivalents Beginning of Year	123,446
Cash and Cash Equivalents End of Year	$ 1,675,095
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating Income (Loss)	$ (2,072,118)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Depreciation	43,534
Changes in Assets, Liabilities and Deferred Outflows/Inflows of Resources:	
Intergovernmental Receivable	(11,373)
Prepaid Expenses	14,216
Net OPEB Asset	(15,528)
Deferred Outflows - Pension	571,765
Deferred Outflows - OPEB	6,834
Accounts Payable	44,575
Accrued Wages	(33,842)
Intergovernmental Payable/Pension & OPEB Payable	(1,973)
Net Pension Liability	201,035
Net OPEB Liability	(40,034)
Deferred Inflows - Pension	(57,478)
Deferred Inflows - OBEB	29,411
Net Cash Provided by (Used For) Operating Activities	$ (1,320,976)

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE SCHOOL

Focus Learning Academy of Northern Columbus ("the School") is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved for operation under contract with the Ohio State Board of Education for a period of five years from May 16, 2000 through June 30, 2005. The Buckeye Community Hope Foundation sponsored the School from June 2005 through June 2012. The North Central Ohio Educational Service Center became the School's sponsor effective July 1, 2012 and is under contract to be the School's sponsor through June 30, 2022.

The School operates under a self-appointing five-member Board of Directors ("the Board"). The School's Code of Regulations specifies that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the sponsor which includes, but is not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility. The facility is staffed with teaching personnel who provide services to approximately 525 students.

The Ellendale Group, a state nonprofit organization established pursuant to Ohio Rev. Code Chapter 1702, was originally formed in September 2001 to provide a fostering structure for the provision, development and management of one or more community schools in Franklin County, Ohio, and for any and all lawful purposes for which a corporation may be formed under Chapter 1702 of the Revised Code. The Ellendale Group intended to govern approved contracts for community schools with the following names: the Life Skills Center of Columbus, the Life Skills Center of Southwestern Ohio and the Life Skills Center of Montgomery County (name to be changed once location of school was determined).

Pursuant to the instruction and requirement of the Ohio Department of Education with respect to the three (3) Life Skills Centers in the Columbus area, and the assignments of each community school contract, a separate nonprofit entity had to be formed to govern each School. As a result, the Ellendale Group amended its articles of incorporation in June 2002 in order to change the name of the nonprofit to the Life Skills Center of Southeastern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Columbus. A nonprofit was formed May 2002 in the name of the Life Skills Center of Northern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Montgomery County. Also formed in May 2002 was the nonprofit entity the Life Skills Center of Southwestern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Southwestern Ohio.

On June 22, 2006, the Board changed the name to Focus Learning Academy of Northern Columbus from Life Skills Center of Northern Columbus as a result of the change in management company which owns the "Life Skills" trade name.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. Basis of Presentation

The School's basic financial statements consists of a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

The School uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a "flow of economic resources" measurement focus. With this measurement focus, all assets deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows reflects how the School finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for reporting purposes. 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. Revenues resulting from non-exchange transactions, in which the School received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

C. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension and OPEB, which are reported on the statement of net position. (See Notes 11 and 12).

E. Cash and Cash Equivalents

All cash received by the School is maintained in demand deposit accounts. The School did not have any investments during fiscal year 2020.

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the fiscal year. Donated capital assets are recorded at their acquisition value. The School maintains a capitalization threshold of $5,000. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is not capitalized.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful life:

Description	Estimated
Equipment	5-10 years
Leasehold Improvements	5 years

G. Intergovernmental Revenues

The School currently participates in the State Foundation Program, which includes Economic Disadvantaged Funding and Limited English Proficiency Funding, which are reflected under "state foundation" on the statement of revenues, expenses and changes in net position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Amounts awarded under the State Foundation Program for the 2020 school year totaled $4,563,250.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal 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. Federal and state grant revenue for fiscal year 2020 was $2,084,818.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

I. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

K. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

L. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2020, the School implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the School also implemented paragraphs 4 and 5 of Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Paragraph 4 increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a government board typically would perform and paragraph 5 mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements. The implementation of paragraphs 4 and 5 of this Statement did not have an effect on the financial statements of the School.

For the fiscal year ended June 30, 2020, the School has early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 92 *Omnibus 2020.*

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School.

NOTE 4 - DEPOSITS

At June 30, 2020, the carrying amount of School's deposits was $1,675,095. The bank balance was $1,791,442, of which $500,047 was covered by the FDIC. There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation. The School has no policy regarding custodial credit risk.

NOTE 5 - RISK MANAGEMENT

Property and Liability - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded this coverage in any of the past three years, nor has there been a significant reduction in insurance coverage from the prior year. Below are the various coverages for the School:

Commercial General Liability:	
Per occurrence	$ 1,000,000
Aggregate	2,000,000
Umbrella Liability:	
Per occurrence	2,000,000
Aggregate	2,000,000
Automobile Liability, combined single limit	1,000,000
Commercial Property Liability, personal property ($1,000 deductible)	1,000,000
Excess Volunteer Liability:	
Per occurrence	1,000,000
Aggregate	3,000,000

Director and Officer - Coverage has been purchased by the School with a $1,000,000 aggregate limit and no deductible.

Worker's Compensation - The School is responsible for paying the State Workers Compensation System a premium for employee injury coverage.

NOTE 6 - RECEIVABLES

At June 30, 2020, the School had intergovernmental receivables in the amount of $125,813. Intergovernmental receivables consist of refunds and federal assistance for which eligibility requirements have been met by June 30, 2020 and cash was not received by year end.

NOTE 7 – PAYABLES

Intergovernmental payables of $25,158 consist of payroll liabilities due and unpaid to various taxing authorities at fiscal year-end, pension benefits, and amounts due to other governments for services provided to the School.

Accounts payable consists of obligations, totaling $77,190 at June 30, 2020, incurred during the normal course of operations. These are payments to vendors for goods or services received in fiscal year 2020 but paid in fiscal year 2021.

NOTE 8 - ACCRUED WAGES AND BENEFITS

Accrued wages and benefits were $92,106 at June 30, 2020 which represents wages and employee benefits earned and not paid at June 30, 2020 for school employees who earned wages prior to fiscal year-end and certain School teachers paid over a 12-month period.

NOTE 9 - LONG-TERM OBLIGATIONS

During fiscal year 2020, the following changes occurred in the School's long-term obligations.

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Amount Due One Year
Direct Borrowing:					
Loan Payable - PPP	$ 0	$ 587,070	$ 0	$ 587,070	$ 0
Capital Lease Obligation	61,550	0	(61,550)	0	0
Net Pension Liability	3,937,903	201,035	0	4,138,938	0
Net OPEB Liability	430,475	0	(40,034)	390,441	0
Total Long-Term Obligations	$ 4,429,928	$ 788,105	$ (101,584)	$ 5,116,449	$ 0

See Notes 11 and 12 for details on the School's net pension liability and net OPEB liability, respectively.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) was passed on March 27, 2020 in response to COVID-19. The Paycheck Protection Program (PPP) was formed as part of the CARES Act. The PPP allows certain entities to apply for aid through forgivable loans. The School entered into a note payable agreement with a bank under PPP. The unsecured note has a principal amount of $587,070 with an interest rate of one percent maturing on April 1, 2022.

Capital Lease Obligation: During fiscal year 2018, the School entered into a capital lease agreement for copiers. Capital assets consisting of copiers had been capitalized in the amount of $92,983, which represented the value of future minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position. Principal and interest payments in fiscal year 2020 were $61,550 and $5,252, respectively. The School terminated this lease in fiscal year 2020 and replaced it with an operating lease (See Note 16). The new lessor contributed $55,641 to the School to pay off the capital lease. The capital assets and accumulated depreciation were disposed of during fiscal year 2020.

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Being Depreciated:				
Equipment	$ 121,069	$ 0	$ 92,983	$ 28,086
Leasehold Improvements	191,955	0	0	191,955
Total Capital Assets Being Depreciated	313,024	0	92,983	220,041
Less Accumulated Depreciation:				
Equipment	(46,060)	(21,406)	(46,491)	(20,975)
Leasehold Improvements	(162,680)	(22,128)	0	(184,808)
Total Accumulated Depreciation:	(208,740)	(43,534)	(46,491)	(205,783)
Capital Assets, Net	$ 104,284	$ (43,534)	$ 46,492	$ 14,258

NOTE 11 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the School's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School's obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable*.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The School's contractually required contribution to SERS was $98,116 for fiscal year 2020.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.
Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The School

was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $217,515 for fiscal year 2020.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01692450%	0.01413701%	
Prior Measurement Date	0.01652670%	0.01360479%	
Change in Proportionate Share	0.00039780%	0.00053222%	
Proportionate Share of the Net Pension Liability	$ 1,012,623	$ 3,126,315	$ 4,138,938
Pension Expense	$ 208,434	$ 822,519	$ 1,030,953

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2020 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 25,677	$ 25,453	$ 51,130
Changes of Assumptions	0	367,246	367,246
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	32,509	685,680	718,189
School Contributions Subsequent to the Measurement Date	98,116	217,515	315,631
Total Deferred Outflows of Resources	$ 156,302	$ 1,295,894	$ 1,452,196
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 13,532	$ 13,532
Net Difference between Projected and Actual Earnings on Pension Plan Investments	12,997	152,796	165,793
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	5,114	0	5,114
Total Deferred Inflows of Resources	$ 18,111	$ 166,328	$ 184,439

$315,631 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 51,769	$ 555,103	$ 606,872
2022	(18,201)	266,818	248,617
2023	(863)	52,898	52,035
2024	7,370	37,232	44,602
	$ 40,075	$ 912,051	$ 952,126

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 1,419,046	$ 1,012,623	$ 671,785

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 4,568,759	$ 3,126,315	$ 1,905,210

NOTE 12 - DEFINED BENEFIT OPEB PLANS

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School's surcharge obligation was $6,793, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability (asset) was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.01552600%	0.01413700%	
Prior Measurement Date	0.01551700%	0.01360500%	
Change in Proportionate Share	0.00000900%	0.00053200%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 390,441	$ (234,143)	
OPEB Expense	$ 19,251	$ (31,775)	$ (12,524)

At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 5,731	$ 21,226	$ 26,957
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	937	0	937
Changes of Assumptions	28,518	4,922	33,440
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	6,923	126,952	133,875
School Contributions Subsequent to the Measurement Date	6,793	0	6,793
Total Deferred Outflows of Resources	$ 48,902	$ 153,100	$ 202,002
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 85,778	$ 11,912	$ 97,690
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	14,704	14,704
Changes of Assumptions	21,881	256,710	278,591
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	12,274	7,209	19,483
Total Deferred Inflows of Resources	$ 119,933	$ 290,535	$ 410,468

$6,793 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (17,960)	$ (27,967)	$ (45,927)
2022	(13,994)	(27,966)	(41,960)
2023	(13,720)	(22,071)	(35,791)
2024	(13,763)	(20,006)	(33,769)
2025	(12,736)	(38,900)	(51,636)
Thereafter	(5,651)	(525)	(6,176)
	$ (77,824)	$ (137,435)	$ (215,259)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 473,928	$ 390,441	$ 324,069

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 312,827	$ 390,441	$ 493,429

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (199,794)	$ (234,143)	$ (263,022)

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (265,507)	$ (234,143)	$ (195,729)

NOTE 13 - CONTINGENCIES

A. Grants

The School receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School.

B. Full Time Equivalency

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform an FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did not perform such a review on the School for fiscal year 2020.

As of the date of this report, additional ODE adjustments for fiscal year 2020 have been finalized and the amount is not material to the financial statements.

In addition, the School’s contracts with their Sponsor require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2020 have been finalized and are not material to the financial statements.

C. Litigation

The School is involved in no material litigation as either plaintiff or defendant.

NOTE 14 - TAX EXEMPT STATUS

The School has been approved under §501(c)(3) of the Internal Revenue Code as a tax exempt organization. Management is not aware of any course of action or series of events that might adversely affect the School’s tax exempt status.

NOTE 15 - SPONSORSHIP FEES

The School has contracted with the North Central Ohio Educational Service Center ("NCOESC") for sponsorship services for the period July 1, 2017 through June 30, 2022. NCOESC is to provide oversight, monitoring, and technical assistance for the School. The sponsorship fee is calculated as three percent of annual school foundation revenue and amounted to $133,138 paid to NCOESC for fiscal year 2020.

NOTE 16 - OPERATING LEASES

NCOESC entered into an operating lease agreement on August 5, 2014 with Prime Investments II, LTD. to rent a building located at 1880 E. Dublin Granville Road, Columbus, Ohio. The lease is for a five year period. The School entered into a sublease agreement with NCOESC. The School made $205,109 in rental payments to Prime Investments II, LTD. in fiscal year 2020. This lease was terminated in January 2020.

During fiscal year 2020, the School entered into a lease agreement with Ashland University to lease rooms located at 1900 E. Dublin Granville Road. The lease term began on July 29, 2019 and ended on May 5, 2020. Under this lease agreement, the School was required to pay $105 per week per room rented by Ashland University. During fiscal year 2020, the School paid $76,492 in lease payments.

The School entered into an operating lease agreement on January 24, 2020 with Focus-Ed Investment Ventures, LLC to rent a building located at 1880 E. Dublin Granville Road, Columbus, Ohio. The lease is for a five year period. The School made $169,229 in rental payments to Focus-Ed Investment Ventures LLC in fiscal year 2020.

During fiscal year 2019, the School entered into a lease agreement with Vantage Financial to lease smart boards. The lease term began on July 1, 2018 and will conclude on June 30, 2023. The School made $25,800 in lease payments to Vantage Financial in fiscal year 2020.

In fiscal year 2020, the School leased copiers under an operating lease. The School shall pay $3,244 per month for 63 months. The lease will automatically renew until the School provides written notice of intent to return equipment. Total costs for such leases were $8,665 for the year ended June 30, 2020. The lease will mature in June 2025.

The future minimum payments for these leases are as follows:

Fiscal Year ending June 30:	Focus Ed	Vantage	ComDoc
2021	$ 354,146	$ 25,800	$ 38,924
2022	354,146	25,800	38,924
2023	354,146	25,800	38,924
2024	354,146	0	38,924
2025	206,585	0	38,924
Total	$ 1,623,169	$ 77,400	$ 194,620

NOTE 17 - PURCHASED SERVICES

For the period July 1, 2019, through June 30, 2020, purchased service expenses were for the following services:

Professional and Technical Services	$ 834,311
Property Services	697,599
Communications	2,639
Utilities	62,604
Contracted Trade	465,427
Transportation	603,800
Other	8,521
Total	$ 2,674,901

NOTE 18 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School. Due to the dynamic environment and changes in fiscal policies, the exact impact on the School's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

On September 11, 2020, the School's entire loan amount under the Paycheck Protection Program was forgiven.

Focus Learning Academy of Northern Columbus
Franklin County, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years (1)

	2020	2019	2018
School Employees Retirement System (SERS)			
School's Proportion of the Net Pension Liability	0.01692450%	0.01652670%	0.01699080%
School's Proportionate Share of the Net Pension Liability	$ 1,012,623	$ 946,515	$ 1,015,163
School's Covered Payroll	$ 581,726	$ 538,756	$ 523,079
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.07%	175.69%	194.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%
State Teachers Retirement System (STRS)			
School's Proportion of the Net Pension Liability	0.01413701%	0.01360479%	0.01204716%
School's Proportionate Share of the Net Pension Liability	$ 3,126,315	$ 2,991,388	$ 2,861,829
School's Covered Payroll	$ 1,615,579	$ 1,516,314	$ 1,345,414
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.51%	197.28%	212.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.01530170%	0.01317280%	0.01176000%	0.01176000%
$ 1,119,943	$ 751,653	$ 595,167	$ 699,329
$ 470,929	$ 396,571	$ 341,739	$ 245,014
237.82%	189.54%	174.16%	285.42%
62.98%	69.16%	71.70%	65.52%
0.00940658%	0.00710572%	0.00683846%	0.00683846%
$ 3,148,666	$ 1,963,813	$ 1,663,350	$ 1,981,372
$ 1,056,436	$ 934,221	$ 698,700	$ 654,869
298.05%	210.21%	238.06%	302.56%
66.80%	72.10%	74.70%	69.30%

Focus Learning Academy of Northern Columbus
Franklin County, Ohio
Required Supplementary Information
Schedule of the School's Contributions - Pension
Last Ten Fiscal Years

	2020	2019	2018	2017
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 98,116	$ 78,533	$ 72,732	$ 73,231
Contributions in Relation to the Contractually Required Contribution	(98,116)	(78,533)	(72,732)	(73,231)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 700,829	$ 581,726	$ 538,756	$ 523,079
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 217,515	$ 226,181	$ 212,284	$ 188,358
Contributions in Relation to the Contractually Required Contribution	(217,515)	(226,181)	(212,284)	(188,358)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 1,553,679	$ 1,615,579	$ 1,516,314	$ 1,345,414
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011
$ 65,930	$ 52,268	$ 47,365	$ 33,910	$ 37,352	$ 101,362
(65,930)	(52,268)	(47,365)	(33,910)	(37,352)	(101,362)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 470,929	$ 396,571	$ 341,739	$ 245,014	$ 277,710	$ 806,380
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
$ 147,901	$ 130,791	$ 90,831	$ 85,133	$ 59,159	$ 67,047
(147,901)	(130,791)	(90,831)	(85,133)	(59,159)	(67,047)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,056,436	$ 934,221	$ 698,700	$ 654,869	$ 455,069	$ 515,746
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

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Focus Learning Academy of Northern Columbus
Franklin County, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability/(Asset)
Last Four Fiscal Years (1)

	2020	2019	2018	2017
School Employees Retirement System (SERS)				
School's Proportion of the Net OPEB Liability	0.01552600%	0.01551700%	0.01542430%	0.01387072%
School's Proportionate Share of the Net OPEB Liability	$ 390,441	$ 430,475	$ 413,948	$ 395,367
School's Covered Payroll	$ 581,726	$ 538,756	$ 523,079	$ 470,929
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	67.12%	79.90%	79.14%	83.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)				
School's Proportion of the Net OPEB Liability/(Asset)	0.01413700%	0.01360500%	0.01204716%	0.00940658%
School's Proportionate Share of the Net OPEB Liability/(Asset)	$ (234,143)	$ (218,615)	$ 470,036	$ 503,066
School's Covered Payroll	$ 1,615,579	$ 1,516,314	$ 1,345,414	$ 1,056,436
School's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.49%	14.42%	34.94%	47.62%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Focus Learning Academy of Northern Columbus
Franklin County, Ohio
Required Supplementary Information
Schedule of the School's Contributions - OPEB
Last Ten Fiscal Years

	2020	2019	2018	2017
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 6,793	$ 3,863	$ 5,527	$ 0
Contributions in Relation to the Contractually Required Contribution	(6,793)	(3,863)	(5,527)	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 700,829	$ 581,726	$ 538,756	$ 523,079
OPEB Contributions as a Percentage of Covered Payroll (1)	0.97%	0.66%	1.03%	0.00%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 1,553,679	$ 1,615,579	$ 1,516,314	$ 1,345,414
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2016	2015	2014	2013	2012	2011
$ 0	$ 4,566	$ 1,599	$ 5,005	$ 20,192	$ 23,104
0	(4,566)	(1,599)	(5,005)	(20,192)	(23,104)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 470,929	$ 396,571	$ 341,739	$ 245,014	$ 277,710	$ 806,380
0.00%	1.15%	0.47%	2.04%	7.27%	2.87%
$ 0	$ 0	$ 5,207	$ 6,549	$ 4,551	$ 4,789
0	0	(5,207)	(6,549)	(4,551)	(4,789)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,056,436	$ 934,221	$ 698,700	$ 654,869	$ 455,069	$ 515,746
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

January 26, 2021

To the Board of Directors
Focus Learning Academy of Northern Columbus
Franklin County, Ohio
1880 E. Dublin Granville Road
Columbus, OH 43229

Independent Auditor's 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*

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 Focus Learning Academy of Northern Columbus, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 26, 2021, in which we noted the financial impact of COVID-19 and ensuing emergency measures will continue to impact subsequent periods of the School.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Dublin, Ohio

Rea & associates a brighter way

January 26, 2021

To the Board of Directors
Focus Learning Academy of Northern Columbus
Franklin County, Ohio
1880 E. Dublin Granville Road
Columbus, OH 43229

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the Focus Learning Academy of Northern Columbus', Franklin County, Ohio (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2020. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Dublin, Ohio

FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Disbursements	Total Provided to Subrecipients
U. S. Department of Education				
Passed Through Ohio Department of Education:				
Title I	84.010	2020	$ 335,102	$ -
Title I School Improvement Sub A	84.010	2020	8,497	-
Total Title I			343,599	-
Special Education Cluster:				
IDEA Part B	84.027	2020	131,104	-
IDEA Part B - Restoration	84.027	2020	6,318	-
Total Special Education Cluster			137,422	-
Title III English Language Acquisition State Grant	84.365	2020	69,713	-
Title II-A Improving Teacher Quality	84.367	2020	52,040	-
Title IV-A Student Support and Academic Enrichment	84.424	2020	29,589	-
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	2020	82,001	-
Total U.S. Department of Education			714,364	-
U. S. Department of Agriculture				
Passed Through the Ohio Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2020	136,440	-
School Breakfast Program (COVID-19)	10.553	2020	46,769	-
National School Lunch Program	10.555	2020	222,821	-
National School Lunch Program (COVID-19)	10.555	2020	75,306	-
Total Child Nutrition Cluster			481,336	-
Total U.S. Department of Agriculture			481,336	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 1,195,700	$ -

See the Notes to the Schedule of Expenditures of Federal Awards.

FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS
FRANKLIN COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Focus Learning Academy of Northern Columbus (the "School") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C – Transfers

The School generally must spend Federal assistance within 15 months of receipt. However, with Ohio Department of Education (ODE) approval, a School can transfer (carryover) unspent Federal assistance to the succeeding year, thus allowing the School a total of 27 months to spend the assistance. During fiscal year 2020, the ODE authorized the following transfers:

CFDA Number / Grant Title	Grant Year	Transfer Out	Transfer In
84.027 IDEA Part B	2019	$ 33,255	
84.027 IDEA Part B	2020		$ 33,255
84.027 IDEA Part B Restoration	2019	1,900	
84.027 IDEA Part B Restoration	2020		1,900
84.365 Title III English Language Acquisition	2019	1,894	
84.365 Title III English Language Acquisition	2020		1,894
		$ 37,049	$ 37,049

Note D – Child Nutrition Cluster

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS
FRANKLIN COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR §200.515
JUNE 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d) (1) (iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): Child Nutrition Cluster	 CFDA # 10.553/10.555
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > $750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None were noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted.

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OHIO AUDITOR OF STATE
KEITH FABER

FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 3/30/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370