

**MENLO PARK ACADEMY**  
**CUYAHOGA COUNTY, OHIO**

*REGULAR AUDIT*

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2024**



Rea & associates

[www.reacpa.com](http://www.reacpa.com)





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Board of Directors  
Menlo Park Academy  
3149 West 53rd Street  
Cleveland, Ohio 44102

We have reviewed the *Independent Auditor's Report* of the Menlo Park Academy, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2023 through June 30, 2024. 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 Menlo Park Academy is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

February 06, 2025

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**MENLO PARK ACADEMY  
CUYAHOGA COUNTY, OHIO  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Menlo Park Academy  
3149 West 53<sup>rd</sup> Street  
Cleveland, OH 44102

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Menlo Park Academy, Cuyahoga County, Ohio, (the "Academy"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Menlo Park Academy, Cuyahoga County, Ohio, as of June 30, 2024, 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.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Pension and Other Post-Employment Benefit Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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***

Management is responsible for the other information included in the annual report. The other information comprises the combining statements but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the Academy'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 Academy'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 Academy's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Medina, Ohio  
December 18, 2024

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The management's discussion and analysis of the financial performance for Menlo Park Academy and its blended component units (collectively "the Academy") provides an overall review of the Academy's financial activities for the fiscal years ended June 30, 2024 and December 31, 2023, respectively. The component units are made up of West 53<sup>rd</sup> Holdings, TAE Manager, LLC, and West 53<sup>rd</sup> Master Tenant, LLC and are more fully described in the Notes to the Financial Statements. The intent of this discussion and analysis is to look at the financial performance of the Academy as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

The Management's Discussion and Analysis (the MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key Financial Highlights for the Academy for the 2023-24 Academy year are as follows:

- Total Assets and Deferred Outflows of Resources decreased \$904,984.
- Total Liabilities and Deferred Inflows of Resources decreased \$1,171,893.
- Total Net Position increased \$266,909.
- Total Operating and Non-Operating Revenues were \$5,328,340. Total Operating and Non-Operating Expenses were \$5,061,431.

### **USING THIS ANNUAL REPORT**

This report consists of three parts: the basic financial statements, notes to the basic financial statements, and required supplementary information. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect how the Academy did financially during fiscal year 2024. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

These statements report the Academy's Net Position and changes in that position. This change in Net Position is important because it tells the reader whether the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Academy's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors. The Academy uses enterprise presentation for all of its activities.

**Statement of Net Position** - The Statement of Net Position answers the question of how the Academy did financially during 2024. This statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Academy's Net Position for fiscal year 2024 compared to fiscal year 2023.

**Table 1**  
**Statement of Net Position**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current Assets	\$ 2,390,802	\$ 2,247,896
Noncurrent Assets	233,887	434,597
Capital Assets, Net	14,064,889	14,300,073
Total Assets	16,689,578	16,982,566
<b>Deferred Outflows of Resources</b>	1,296,170	1,908,166
<b>Liabilities</b>		
Current Liabilities	7,843,177	1,188,826
NonCurrent Liabilities	3,702,256	11,999,327
Total Liabilities	11,545,433	13,188,153
<b>Deferred Inflows of Resources</b>	1,589,483	1,118,656
<b>Net Position</b>		
Net Investment in Capital Assets	6,931,460	6,631,077
Unrestricted	(2,080,628)	(2,047,154)
Total Net Position	\$ 4,850,832	\$ 4,583,923

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The Academy has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy'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 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 asset/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 asset/liability to equal the Academy'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 Academy 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.

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 asset/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 Academy'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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

Capital assets decreased due to depreciation expense exceeding capital asset purchases during the fiscal year. Current assets increased due to cash increased from operations. The increase in current liabilities is due to an increase in amounts due within one year on the notes. Non-current liabilities decreased primarily from the decreases in net pension liabilities coupled with the reduction of the non-current portion of the long-term obligations.

There was a significant change in net pension/OPEB liability/asset for the Academy. The fluctuations are due to changes in actuarial liabilities/assets and related accruals that are passed through to the Academy's financial statement. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and net pension/OPEB liabilities/assets and are described in more detail in their respective notes.

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**Statement of Revenues, Expenses and Change in Net Position** - Table 2 shows the change in Net Position for fiscal years 2024 and 2023 as well as a listing of revenues and expenses. This change in Net Position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**Table 2**  
**Change in Net Position**

	<b>2024</b>	<b>2023</b>
<b>Operating Revenues</b>		
State Aid	\$ 3,892,529	\$ 3,986,132
Lease Income	421,878	41,934
Classroom Materials and Fees	231,562	268,057
Charges for Services	12,255	144,731
Miscellaneous	83,241	217,705
Total Operating Revenues	4,641,465	4,658,559
<b>Operating Expenses</b>		
Salaries	1,703,273	2,219,834
Fringe Benefits	304,296	899,843
Purchased Services	1,408,069	1,415,259
Supplies	231,560	212,128
Depreciation	562,319	620,957
Other	338,737	253,278
Total Operating Expenses	4,548,254	5,621,299
<b>Operating Income (Loss)</b>	93,211	(962,740)
<b>Non-Operating Revenues (Expenses)</b>		
Other Grants	226,687	28,756
Federal and State Grants	426,006	659,236
Intergovernmental Revenue	-	270,973
Interest Income	34,182	10,333
Interest Expense	(513,177)	(324,758)
<b>Net Total Non-Operating Revenues (Expenses)</b>	173,698	644,540
<b>Change in Net Position</b>	\$ 266,909	\$ (318,200)

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Operating Revenues remained steady from the prior year due to an increase in lease income offset by a decrease in state aid due to declining enrollment and a decrease in charges for services. Fluctuations in non-operating revenues are the result of decreases in federal grants based on reduced COVID-19 related funding available to the Academy coupled with the Academy no longer receiving the intergovernmental revenues from the Cleveland Municipal School District. Salaries for employees decreased due reduced staffing needs from declining enrollment which was coupled with a decrease in fringe benefits due changes in accruals related to GASB 68/75 for pension and OPEB.

#### **CAPITAL ASSETS**

At fiscal year end, the Academy's net capital asset balance was \$14,064,889. This balance represents current year additions of \$327,135 offset by current year depreciation of \$562,319. For more information on capital assets, see Note 5 of the Basic Financial Statements.

#### **DEBT**

As discussed, the Academy and its component units took on debt obligations related to the facility project during a prior year.

In fiscal year 2017, \$9,826,000 of financing was provided through The Reinvestment Fund (\$6,400,000) and PNC Bank (\$3,426,000) for the project. During the fiscal year, \$365,897 worth of principal payments were made on these loans and \$7,343,946 of the total debt was considered to be current. For more information on the Academy's debt obligations, including the terms and related amortization tables, see Note 6 of the Basic Financial Statements.

#### **CURRENT FINANCIAL ISSUES**

The Academy is a community School and is funded through the State of Ohio Foundation Program. The Academy relies on this, as well as, State and Federal funds as its primary source of revenue. In 2022, the State replaced the existing funding formula with a new formula that was implemented in January 2022 as a result of changes in Ohio law under the passage of HB110. Under the new formula, community schools are funded directly with no deductions or transfers from the student's district of residence. The funding calculation for community schools uses several concepts and formulas, some of which also apply to traditional school districts. These primarily include Base Cost, Special Education, Disadvantaged Pupil Impact Aid, English Learners and Career Technical Education. Combined, these elements make up the Core Foundation Funding and the change in calculated amounts compared to the funding received in Fiscal Year 2020 are being phased-in at 16.67% per year until fully implemented. In June 2023, the State Legislature passed the 24-25 biennial budget which included significant increases to community school funding, as well as, continuing the graduated phase-in approach initiated in last budget cycle. The phase-in percentage for 2024 and 2025 will be 50% and 66.67% respectively.

In addition, schools will see an additional \$500 per student in facility funding, a \$650 per student equity grant for both 2024 and 2025, and a 12.1% increase in the per student Base Cost, increasing from \$7,352 to \$8,241. Finally, the availability of ARP ESSER funds are set to expire on September 30, 2024. Looking beyond this date, all schools will need to continue to be vigilant about monitoring expenses and developing sustainable budgets in the absence of these revenues.

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The full-time equivalent enrollment of the Academy for the year ended June 30, 2024 was 380 compared to a figure of 502 at the end of fiscal year 2023.

Overall, the Academy will continue to provide learning opportunities and apply resources to best meet the needs of the students served.

### **CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizen's, investors and creditors with a general overview of the Academy's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's Fiscal Officer, C. David Massa, CPA, of Massa Financial Solutions, LLC, 2149 West 53<sup>rd</sup> Street, Cleveland, OH 44102.

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**Menlo Park Academy**  
**Statement of Net Position**  
**June 30, 2024**

**Assets:**

**Current Assets:**

Cash and Cash Equivalents	\$ 1,351,365
Restricted Cash	210,517
Intergovernmental Receivable	15,397
Accounts Receivable	273,956
Other Assets	539,567
<b>Total Current Assets</b>	<u>2,390,802</u>

**Noncurrent Assets:**

Net OPEB Asset	233,887
Non-Depreciable Capital Assets	415,756
Capital Assets, net of Accumulated Depreciation	13,649,133
<b>Total Non-Current Assets</b>	<u>14,298,776</u>

**Total Assets** 16,689,578

**Deferred Outflows of Resources:**

Pension (STRS & SERS) Outflows	1,013,223
OPEB (STRS & SERS) Outflows	282,947
<b>Total Deferred Outflows of Resources</b>	<u>1,296,170</u>

**Liabilities:**

**Current Liabilities:**

Accounts Payable	202,871
Accrued Wages and Benefits	237,132
Unearned Revenue	40,010
Capital Lease Payable	19,218
Current Portion of Long Term Obligations	7,343,946
<b>Total Current Liabilities</b>	<u>7,843,177</u>

**Noncurrent Liabilities:**

Net Pension Liability	3,445,812
Net OPEB Liability	256,444
<b>Total Noncurrent Liabilities</b>	<u>3,702,256</u>

**Total Liabilities** 11,545,433

**Deferred Inflows of Resources:**

Pension (STRS & SERS)	1,102,191
OPEB (STRS & SERS)	487,292
<b>Total Deferred Inflows of Resources</b>	<u>1,589,483</u>

**Net Position:**

Net Investment in Capital Assets	6,931,460
Unrestricted Net Position	(2,080,628)
<b>Total Net Position</b>	<u>\$ 4,850,832</u>

See Accompanying Notes to the Basic Financial Statements

**Menlo Park Academy**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2024**

<b>Operating Revenues:</b>	
State Aid	\$ 3,892,529
Lease Income	421,878
Classroom Materials and Fees	231,562
Charges for Services	12,255
Miscellaneous	83,241
<b>Total Operating Revenues</b>	<u>4,641,465</u>
<b>Operating Expenses:</b>	
Salaries	1,703,273
Fringe Benefits	304,296
Purchased Services	1,408,069
Depreciation and Amortization	562,319
Supplies	231,560
Other Operating Expenses	338,737
<b>Total Operating Expenses</b>	<u>4,548,254</u>
<b>Operating Income (Loss)</b>	93,211
<b>Non-Operating Revenues and (Expenses):</b>	
Other Grants	226,687
Interest Income	34,182
Interest Expense	(513,177)
Federal and State Restricted Grants	426,006
<b>Net Non-operating Revenues and (Expenses)</b>	<u>173,698</u>
<b>Change in Net Position</b>	266,909
<b>Net Position - Beginning of Year</b>	<u>4,583,923</u>
<b>Net Position - End of Year</b>	<u><u>\$ 4,850,832</u></u>

See Accompanying Notes to the Basic Financial Statements

**Menlo Park Academy**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

State Aid Receipts	\$ 3,932,539
Classroom Materials and Fees	231,562
Charges for Services	12,255
Miscellaneous	108,659
Cash Payments for Asset Management Fees	(47,119)
Cash Payments to Employees for Services	(1,732,911)
Cash Payments for Employee Benefits	(300,185)
Cash Payments to Suppliers for Goods and Services	(1,545,716)
Net Cash Provided By (Used For) Operating Activities	<u>659,084</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Federal and State Grant Receipts	381,646
Other Grants	226,687
Net Cash Provided By Noncapital Financing Activities	<u>608,333</u>

**CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES**

Purchase of Capital Assets	(327,135)
Principal Payments on Loans	(365,897)
Change in Investment in Component Units	(115,001)
Cash Payments for Interest	(472,338)
Net Cash (Used For) Provided By Capital and Related Financing Activities	<u>(1,280,371)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Income Receipts	34,189
Net Cash (Used For) Provided By Investing Activities	<u>34,189</u>

<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>21,235</b>
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<b>Cash and Cash Equivalents - Beginning of the Year</b>	<b><u>1,540,647</u></b>
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<b>Cash and Cash Equivalents - Ending of the Year</b>	<b><u>\$ 1,561,882</u></b>
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See Accompanying Notes to the Basic Financial Statements

**Menlo Park Academy**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**  
(Continued)

<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>	
Operating Income (Loss)	\$ 93,211
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>	
Depreciation	562,319
Changes in Assets, Liabilities, and Deferred Inflows and Outflows:	
(Increase)/ Decrease in Net OPEB Asset	200,710
(Increase)/ Decrease in Accounts Receivable	104,926
(Increase)/ Decrease in Rent Receivable	404,554
(Increase)/ Decrease in Other Assets	(521,879)
(Increase)/ Decrease in Deferred Outflows Pension	614,441
(Increase)/ Decrease in Deferred Outflows OPEB	(2,445)
Increase/(Decrease) in Accounts Payable, Trade	79,198
Increase/ (Decrease) in Net Pension Liability	(1,270,819)
Increase/ (Decrease) in Net OPEB Liability	(8,603)
Increase/ (Decrease) in Deferred Inflows Pension	646,006
Increase/ (Decrease) in Deferred Inflows OPEB	(175,179)
Increase/(Decrease) in Unearned Revenue	40,010
Increase/(Decrease) in Capital Lease Payable	(23,395)
Increase/(Decrease) in Accrued Wages and Benefits	(29,638)
Increase/(Decrease) in Accrued Expenses	(54,333)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b><u>\$ 659,084</u></b>

See Accompanying Notes to the Basic Financial Statements

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

#### **NOTE 1 - DESCRIPTION OF THE ENTITY**

Menlo Park Academy ("MPA") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. MPA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect MPA's tax-exempt status. MPA's objective is to provide educational services to gifted students in grades kindergarten through 8th grade. MPA, which is part of the State's education program, is independent of any Academy and is nonsectarian in its programs, admission policies, employment practices, and all other operations. MPA may acquire facilities as needed and contract for any services necessary for the operation of MPA.

MPA entered into a sponsorship agreement with Educational Service Center of Lake Erie West (the "Sponsor") on September 16, 2008 amended as of July 1, 2011 for a period through June 30, 2021. The Contract has been extended for an additional one-year term through June 30, 2022. This agreement has been subsequently renewed for an additional term through June 30, 2028. The Sponsor is responsible for evaluating the performance of MPA and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. MPA operates under the direction of a Governing Board. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Governing Board controls MPA's one instructional/support facility staffed by personnel who provide services to students.

**Component Units** - As defined by GAAP, the reporting entity consists of the Academy, as well as, component units, which are legally separate organizations for which the officials of the Academy are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the Academy, or (b) the possibility that the component units will provide a financial benefit to or impose a financial burden on the Academy, or (c) the component units are financially dependent on the Academy. In addition, component units can be other organizations for which the nature and significance of their relationship with the Academy are such that exclusion would cause the reporting entity's financial statements to be misleading. Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component units outside of the basic financial statement totals of the primary government. The Academy is reporting blended component units within its financial statements. The blending method was applied to the component units mainly because the management of the Academy has operational responsibilities for the component units having a shared board.

On December 4, 2014 Menlo Park Academy formed West 53<sup>rd</sup> Holdings, LLC which is a wholly-owned and controlled subsidiary. West 53<sup>rd</sup> Holdings, LLC was formed to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease real property in a manner that furthers the charitable purpose of the Academy, by providing a decent, safe, sanitary facility for Academy operations. West 53<sup>rd</sup> Holdings, LLC had activity in the prior year. During fiscal year 2017, there were two

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

additional entities which had activity in them related to the construction project. These were TAE Manager, LLC and West 53<sup>rd</sup> Master Tenant, LLC. The activity of these entities, along with West 53<sup>rd</sup> Holdings, LLC is reflected in these statements as a blended component unit with the financial activity of the Academy, Menlo Park Academy. All of the component unit entities have a December 31<sup>st</sup> year end, which differs from the Academy's year end of June 30. Certain accounting differences between the Academy and the component units may exist due to the different fiscal years presented.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

**Basis of Presentation** - The Academy's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Change in Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Measurement Focus and Basis of Accounting** - Enterprise accounting used a flow of economic resources measurement focus. Under this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net position.

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 used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**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 Academy and its Sponsor. The contract between the Academy and its Sponsor does not require the Academy to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

**Cash and Cash Equivalents and Restricted Cash** - Cash received by the Academy is reflected as "Cash and Cash Equivalents" and "Restricted Cash" on the Statement of Net Position. The Academy did have one investment account during the fiscal year ended June 30, 2024 that was classified as a cash equivalent. Restricted Cash is reported due to remaining OFCC grant monies obligated for contracts payable due to building repairs.

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

**Capital Assets and Depreciation** - Capital assets are capitalized at cost after being placed in service. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. Donated assets are recorded at their acquisition value at the time of donation. When property is sold or retired, the related costs and accumulated depreciation are removed from the financial records and any gain or loss is included in additions to or deductions from Net Position. Capital assets were \$14,064,889, as of June 30, 2024, net of accumulated depreciation. Depreciation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets once the asset has been placed in service, except for land and construction in progress. The useful lives of each asset class are as follows:

<b><u>Asset Class</u></b>	<b><u>Useful Life</u></b>
Computers & Software	3 years
Site Improvements	15 years
Furniture, Fixtures, & Equipment	5 years
Building	39 years
Leasehold Improvements	2-4 years

The Academy's policy for asset capitalization threshold is \$5,000. Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompanying Statement of Net Position.

**Intergovernmental Revenues** - The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which 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 Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

The Academy also participates in various federal programs passed through the Ohio Department of Education.

Under the above programs the Academy recorded \$3,892,529 this fiscal year from the Foundation Program and \$426,006 from Federal and State grants.

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Net Position** - Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net 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 MPA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**Accrued Liabilities** - Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These current liabilities totaled \$7,843,177 at June 30, 2024.

**Exchange and Non-Exchange Transactions** - 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. Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Academy on a reimbursement basis.

**Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activities of the Academy. For the Academy, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

**Deferred Inflows and Deferred Outflows 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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, 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 8 and 9.

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 assets that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Notes 8 and 9)



**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Pensions/Other Postemployment Benefits (OPEB)** - For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to 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 - CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

The following information classifies deposits by category of risk as defined in GASB Statement No.3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," as amended by GASB Statement No.40, "Deposit, and Investment Risk Disclosures".

The Academy and its component units maintain its cash balances at Huntington Bank, as well as, PNC Bank. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per qualifying account. The Academy also maintains a PEX card account that operates as a prepaid purchasing card. The book balance of the PEX account as of June 30, 2024 was \$997.

\$210,517 of the Academy's book balance at June 30, 2024 was classified as "Restricted Cash" on the Statement of Net Position for capital improvement obligations.

At June 30, 2024, the book amount and bank balance of the Academy and its component units demand deposits was as follows:

	<b>Book</b>	<b>Bank Balance</b>
<b><u>School</u></b>		
<i>Huntington</i>	<u>\$ 1,336,165</u>	<u>\$ 1,337,053</u>
	<u>1,336,165</u>	<u>1,337,053</u>
<b><u>Component Units</u></b>		
<i>PNC Bank</i>	<u>14,203</u>	<u>14,203</u>
<b>Total</b>	<u><u>\$ 1,350,368</u></u>	<u><u>\$ 1,351,256</u></u>

The Academy had no deposit policy for custodial risk. At June 30, 2024, \$264,203 of the bank balance was covered under FDIC while \$1,087,162 was uninsured and exposed to custodial credit risk.

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024****NOTE 4 - RECEIVABLES**

The Academy and its component units had accounts receivables totaling \$273,956 and intergovernmental receivables totaling \$15,397, at June 30, 2024 which related to remaining monies due to the Academy as of June 30, 2024, but not received as of year-end.

**NOTE 5 - CAPITAL ASSETS**

For the fiscal year ended June 30, 2024, capital assets consisted of the following:

	Balance 06/30/23	Additions	Deletions	Balance 06/30/24
Non-Depreciable Capital Assets:				
Land	\$ 415,756	\$ -	\$ -	\$ 415,756
Construction in Progress	33,675	7,655	(41,330)	-
Total Non-Depreciable Capital Assets	<u>449,431</u>	<u>7,655</u>	<u>(41,330)</u>	<u>415,756</u>
Depreciable Capital Assets:				
Building	15,105,082	-	-	15,105,082
Site Improvements	1,060,507	302,033	-	1,362,540
Furniture, Fixtures, and Equipment	373,704	42,364	-	416,068
Computers & Software	534,587	16,413	-	551,000
Leasehold Improvements	<u>195,557</u>	<u>-</u>	<u>-</u>	<u>195,557</u>
Total Depreciable Capital Assets	<u>17,269,437</u>	<u>360,810</u>	<u>-</u>	<u>17,630,247</u>
Less Accumulated Depreciation:				
Building	(2,385,594)	(453,766)	-	(2,839,360)
Site Improvements	(89,121)	(23,551)	-	(112,672)
Furniture, Fixtures, and Equipment	(351,400)	(17,248)	-	(368,648)
Computers & Software	(482,169)	(65,724)	-	(547,893)
Leasehold Improvements	<u>(110,511)</u>	<u>(2,030)</u>	<u>-</u>	<u>(112,541)</u>
Total Accumulated Depreciation	<u>(3,418,795)</u>	<u>(562,319)</u>	<u>-</u>	<u>(3,981,114)</u>
Total Depreciable Capital Assets, Net	<u>13,850,642</u>	<u>(201,509)</u>	<u>-</u>	<u>13,649,133</u>
Total Capital Assets, Net	<u>\$ 14,300,073</u>	<u>\$ (193,854)</u>	<u>\$ (41,330)</u>	<u>\$ 14,064,889</u>

During fiscal year 2024, the component units recorded no additions to capital assets.

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**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024****NOTE 6 – LOANS PAYABLE and LONG-TERM OBLIGATIONS**

The changes in the Academy's long-term obligations during fiscal year 2024 were as follows:

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due within One Year
Post Employment Liabilities:					
Net Pension Liability	\$ 4,716,631	\$ -	\$ (1,270,819)	\$ 3,445,812	\$ -
Net OPEB Liability	265,047	-	(8,603)	256,444	-
Total Post Employment Liabilities	4,981,678	-	(1,279,422)	3,702,256	-
Direct Financing					
TRF Leverage Loan A	4,498,804	-	(314,549)	4,184,255	4,184,255
CNMIF II (U), LLC	3,426,000	-	-	3,426,000	3,426,000
IFF	51,347	-	(51,347)	-	-
Unamortized Debt Issuance Costs	(307,155)	-	40,846	(266,309)	(266,309)
Total Direct Financing	7,668,996	-	(325,050)	7,343,946	7,343,946
Total Long-Term Obligations	\$ 12,650,674	\$ -	\$ (1,604,472)	\$ 11,046,202	\$ 7,343,946

**The Reinvestment Fund Leverage Loans A & B**

TRF (The Reinvestment Fund) Leverage Loan A in the amount of \$5,750,000 (long-term) and TRF Leverage Loan B in the amount of \$650,000 (short-term) was provided to the Academy in connection with the new Academy facility project. TRF Leverage Loan B was paid off in a prior fiscal year. The Academy in turn allocated a significant portion of these proceeds (\$6,074,000) to West 53<sup>rd</sup> Holdings, LLC for use in the development and rehabilitation of the subject property (2149 West 53<sup>rd</sup> St, Cleveland, Ohio).

Pursuant to the loan agreements entered into in October 2016, the TRF Leverage Loan A has a term of 7 years and bears an interest rate of 5.96%. As of June 30, 2024, the loan has a balloon payment due in September 2024 in the amount of \$4,184,255, however, the loan was extended again through March 2025 as the School works for alternative financing options (see Note 15).

**CNMIF II (U), LLC Loan to West 53<sup>rd</sup> Holdings, LLC**

The loan due to CNMIF II (U), LLC in the amount of \$3,426,000 is an obligation of the component unit, West 53<sup>rd</sup> Holdings, LLC (See Supplementary Information to these financial statements). The loan has a term of 30 years and bears an interest rate of 3.8111%. Interest only payments are due quarterly until October 28, 2024, at which time a principal and interest payments will be due through the maturity date of October 2046. In December 2023, the Academy entered into a loan modification agreement making the loan balance due during December 2024.

**Significant Terms of The Reinvestment Fund and CNMFF (U) LLC Loans**

The lender has secured first priority assignment on the facility as collateral. Mandatory prepayment on the loan with the OFCC grant funds shall be made within 5 days of receipt by the borrower. The borrower shall maintain an operating reserve account with at least \$200,000, subject to exclusive control by the lender as defined in the account agreements. Funds may only be used with the prior consent of the lender. The operating reserve account will be released to the borrower as of December 31, 2020 if enrollment exceeds 533 students and all other loan covenants have been met, meaning the school maintains debt

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

service coverage ratio of at least 1.0, borrowers annual budget for fiscal year 2021 demonstrates a debt service coverage ratio of at least 1.2 to 1.0 and borrower has received notice from the Ohio Environmental Protection Agency of a "Covenant Not to Sue."

The borrower will maintain a debt service coverage ratio of not less than 1.0 to 1.0 for all indebtedness. The ratio will be calculated by the lender based on financial information provided by the borrower. Borrower shall at times maintain at last 30 days cash on hand, a ratio of cash and equivalents to current liabilities of not less than .4 to 1, ratio of debt to equity of not more than 3.5 to 1, and a debt service ratio of not less than 1.2 to 1 for all indebtedness of the borrower calculated annually by the lender and lease coverage ratio of not less than 1.0 to 1.0 including account funds available in the operating reserve account. Annual financial statements on a GAAP basis audited by an independent certified accountant shall be provided within 150 days of fiscal year end. Quarterly reports are due within 45 days at the end of each quarter.

Defaults on the loan are defined as failure to make timely payments, failure to comply with or perform and of the affirmative covenants as described above, false representations from the borrower, appointment of a receiver, trustee or liquidator, denial of entry to inspect the facility held as collateral, bankruptcy or defective collateralization, material adverse change in financial condition, and cancelation of sublease agreement. To remedy the defaults the lender, at its option, may declare all principal and interest due immediately, impose the default interest rate, and enforce rights to the secured collateral. In addition, the lender may take over control of the cash and other proceeds and demand collection directly to them. As of June 30, 2024, the Academy is not in compliance with the covenants, nor did the Academy meet the requirement for annual audited statements to be filed within 150 days of fiscal year end. The Academy is in the process of transitioning the existing debt to a new lender and is expected to close in December 2024. For more information refer to the Subsequent Events in Note 15.

#### **IFF**

On October 28, 2016, the Lessor entered into a loan agreement (the "IFF Loan Agreement") with IFF for \$350,000 (the "IFF Loan"). The IFF Loan accrues interest at a rate of 6.375% per annum. Pursuant to the IFF Loan Agreement, interest-only payments on the IFF Loan are due quarterly, partially in arrears and partially in advance, on the 10th day of each March, June, September, and December commencing on December 10, 2016 through September 10, 2017. Commencing on December 10, 2017, and thereafter on the 10 day of each March, June, September, and December through September 10, 2023, payments of accrued and unpaid interest, partially in arrears and partially in advance, and principal in an amount equal to \$17,664 are due and payable quarterly on the IFF Loan. All outstanding principal and any accrued and unpaid interest is due on the maturity date of September 30, 2023. As of June 30, 2024 this amount has been paid in full.

Defaults on the loan are defined as failing to make timely payments in 5 days within the due date, failure to perform non-monetary obligations within 30 days, bankruptcy proceedings, assignment for the benefit of creditors, loss of tax exempt status, making false or misleading statements to lender, material adverse change in financial condition, failure to perform with any other loan documents to secure and improve the facility, foreclosure proceedings, and facility no longer being used for intended purpose.

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

In the event of default under the loan, the lender has the option to declare the loan immediately due and payable. In addition, the lender may increase the interest rate up to 5 percent (5%) over the current interest rate. The borrower also agrees to not incur any additional indebtedness without the lenders prior written consent. The borrower may incur up to an amount not to exceed \$100,000 of additional unsecured indebtedness without prior consent.

The lender has secured an interest in the facility as secure collateral.

**Unamortized Debt Issuance Costs**

Debt issuance costs are being amortized to interest expense over the term of the loans. For the period from August 5, 2016 (inception) to December 31, 2017, the effective interest rate on the QLICI Loans, IFF Loan, and the Bridge Loan, including amortization of debt issuance costs, was 4.18%, 7.94% and 10.54%, respectively. For the period from August 5, 2016 (inception) to December 31, 2023, amortization of debt issuance costs for all notes payable was \$269,901. The unamortized balance at year end was \$266,309.

Future obligations under each of the long-term loans are as follows:

Fiscal Year	TRF Leverage Loan A		CNMIF II, LLC	
	Principal	Interest	Principal	Interest
2025	\$ 4,184,255	\$ 146,000	\$ 3,426,000	\$ 49,737
Total Payments	<u>\$ 4,184,255</u>	<u>\$ 146,000</u>	<u>\$ 3,426,000</u>	<u>\$ 49,737</u>

**Lease Liability**

On October 28, 2016, the Academy entered into a sublease with the West 53<sup>rd</sup> Master Tenant for the sublease of the Building from the Lessor (West 53<sup>rd</sup> Holdings, LLC) (the "Sublease"). Under the terms of the Sublease, the Academy agreed to pay the Lessee annual rent as set forth in the Sublease for a term of 15 years beginning on the Commencement Date, as defined in the Sublease (prorated for any partial year). The building was placed into service on August 17, 2017 (the "Commencement Date"). The Sublease is not reflected on the Statement of Net Position as it was eliminated in consolidation of the various entities, however, it is shown in the statements provided in the Supplementary Information section of this report. Also, the School is expected to enter into a new lease in connection with its debt refinancing (See Note 15).

Future obligations under the lease liability are as follows:

For the Fiscal Year Ended:	Amount
2025	\$ 877,854
2026	895,411
2027	913,319
2028	931,585
2029	950,217
2030-2032	2,546,050
Total	<u>\$ 7,114,436</u>

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 7 - RISK MANAGEMENT**

**Property & Liability** - MPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance settlements did not exceed insurance coverage for the past three years, nor has there been a significant reduction in coverage from the prior year. For the fiscal year ended 2024, MPA contracted with Althans Insurance Agency and had the following insurance coverage:

Commercial General Liability per Occurrence	\$1,000,000
Commercial General Liability Aggregate	2,000,000
Employee Benefits Liability	1,000,000
Employer's Liability	1,000,000
Employer's (OH Stop Gap) Liability	1,000,000
Automotive Liability - Non-owned Automobiles	1,000,000
Personal Property (\$2,500 deductible)	150,000
Computer Equipment (\$1,000 deductible)	115,000
Playground Equipment (\$1,000 deductible)	23,300
Modular Classroom	20,000
Excess Liability Umbrella	5,000,000
Crime (\$2,500 deductible)	250,000
Professional Educators Legal Liability (\$1,000 deductible)	1,000,000
Sexual Abuse Liability each claim	1,000,000
Sexual Abuse Liability Aggregate	3,000,000
Directors and Officers Liability	1,000,000

**Workers' Compensation** - The Academy pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

**Employee Medical and Dental Benefits** - The Academy has contracted with a private carrier to provide employee medical and dental insurance to its full-time employees.

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**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - 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 Academy's proportionate share of each pension/OPEB 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.

The Ohio Revised Code limits the Academy's obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Academy 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 funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system'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 *accrued expenses*.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

#### ***Plan Description - School Employees Retirement System (SERS)***

Plan Description – Academy 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, 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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, may 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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$67,001 for fiscal year 2024.

#### ***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – Academy licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone



## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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](http://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 upon a determination by its actuary that it was necessary 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 July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility charges will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying 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 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 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 is deposited into the member's DC account and the remaining 2 percent is applied 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 at age 50 and after termination of employment.

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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. 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was \$176,019 for fiscal year 2024.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Academy'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	0.0154925%	0.01202591%	
Prior Measurement Date	0.0182206%	0.01678407%	
Change in Proportionate Share	-0.0027281%	-0.00475816%	
Proportionate Share of the Net			
Pension Liability	\$ 856,040	\$ 2,589,772	\$ 3,445,812
Pension Expense	\$ 30,487	\$ 202,161	\$ 232,648

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 36,795	\$ 94,417	\$ 131,212
Changes of Assumptions	6,064	213,281	219,345
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	-	419,646	419,646
Academy Contributions Subsequent to the Measurement Date	67,001	176,019	243,020
<b>Total Deferred Outflows of Resources</b>	<u>\$ 109,860</u>	<u>\$ 903,363</u>	<u>\$ 1,013,223</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ -	\$ 5,745	\$ 5,745
Net Difference between Projected and Actual Earnings on Pension Plan Investments	12,032	7,761	19,793
Changes of Assumptions	-	160,540	160,540
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	125,279	790,834	916,113
<b>Total Deferred Inflows of Resources</b>	<u>\$ 137,311</u>	<u>\$ 964,880</u>	<u>\$ 1,102,191</u>

\$243,020 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (51,168)	\$ (7,607)	\$ (58,775)
2026	(71,733)	(77,857)	(149,590)
2027	27,812	59,526	87,338
2028	637	(211,598)	(210,961)
Total	<u>\$ (94,452)</u>	<u>\$ (237,536)</u>	<u>\$ (331,988)</u>

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

#### ***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 termination). 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 2137.

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, 2023, and 2022 are presented below:

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The long-term return expectation for the Pension Plan 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. As of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

**Discount Rate** The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00 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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

**Sensitivity of the Academy'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 Academy's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Academy's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	\$ 1,263,472	\$ 856,040	\$ 512,857

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

#### **Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary Increases	From 2.5 percent to 8.5 percent, based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

*\*Final target weights reflected at October 1, 2022.*

*\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of 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.*

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

**Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Academy's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net Pension Liability	\$ 3,982,496	\$ 2,589,772	\$ 1,411,909

**Assumption and Benefit Changes Since the Prior Measurement Date** The discount rate remained at 7.00 percent for June 30, 2023, valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

#### **NOTE 9 - DEFINED BENEFIT OPEB PLANS**

See Note 8 for a description of the net OPEB liability (asset).

##### ***Plan Description - School Employees Retirement System (SERS)***

**Health Care Plan Description** - The Academy 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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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 fiscal year 2024, no allocation was made 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 2024, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Academy's surcharge obligation was \$5,160. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

#### ***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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.



**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, 2024, STRS did not allocate any employer contributions to post-employment health care.

***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, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy'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	0.0155661%	0.01202591%	
Prior Measurement Date	0.0188778%	0.01678407%	
Change in Proportionate Share	<u>-0.0033117%</u>	<u>-0.00475816%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 256,444	\$ (233,887)	
OPEB Expense	\$ 29,112	\$ (9,469)	\$ 19,643

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 534	\$ 365	\$ 899
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,990	415	2,405
Changes of Assumptions	86,714	34,454	121,168
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	123,735	29,580	153,315
Academy Contributions Subsequent to the Measurement Date	5,160	-	5,160
<b>Total Deferred Outflows of Resources</b>	<u>\$ 218,133</u>	<u>\$ 64,814</u>	<u>\$ 282,947</u>

<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 132,259	\$ 35,674	\$ 167,933
Changes of Assumptions	72,832	154,313	227,145
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	88,671	3,543	92,214
<b>Total Deferred Inflows of Resources</b>	<u>\$ 293,762</u>	<u>\$ 193,530</u>	<u>\$ 487,292</u>

\$5,160 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ 776	\$ (60,268)	\$ (59,492)
2026	(1,527)	(29,129)	(30,656)
2027	(9,408)	(8,925)	(18,333)
2028	(19,850)	(13,260)	(33,110)
2029	(15,882)	(11,975)	(27,857)
Thereafter	(34,898)	(5,159)	(40,057)
<b>Total</b>	<u>\$ (80,789)</u>	<u>\$ (128,716)</u>	<u>\$ (209,505)</u>

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

#### *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, 2023, are presented below:

	June 30, 2023
Inflation	2.40 percent
Future Salary Increases, including Inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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 2016 through 2020 and was adopted by the Board on April 15, 2021. 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 long-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, 7.00 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 timeframe. 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, 2020, five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 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 1.50 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 be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index rate is 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. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

**Sensitivity of the Academy'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 (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB Liability	\$ 327,807	\$ 256,444	\$ 200,169
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB Liability	\$ 188,400	\$ 256,444	\$ 346,609

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### *Actuarial Assumptions – STRS*

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation is based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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 Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

\*Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of 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 7.00 percent as of June 30, 2023. 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**Sensitivity of the Academy'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, 2023, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net OPEB (Asset)	\$ (197,955)	\$ (233,887)	\$ (265,181)
	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB (Asset)	\$ (266,633)	\$ (233,887)	\$ (194,446)

**Assumption Changes Since the Prior Measurement Date** The discount rate remained unchanged at 7.00 percent for the June 30, 2023, valuation.

**Benefit Term Changes Since the Prior Measurement Date** Healthcare trends were updated to reflect emerging claims and recoveries experiences as well as benefit changes effective January 1, 2024.

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - CONTINGENCIES**

**Grants** - The Academy received financial assistance from federal and state agencies in the form of grants. Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the Academy, any such adjustments will not have a material adverse effect on the financial position of the Academy.

**Litigation** - There are currently no matters in litigation with the Academy as defendant.

**NOTE 11 - PURCHASED SERVICES**

For the period of July 1, 2023 through June 30, 2024, the Academy made the following purchased services commitments:

<u>Purchased Services</u>	<u>Amount</u>
Professional Services	\$ 824,462
Property Services	234,210
Utilities	104,105
Travel & Meetings	11,206
Communications	94,560
Contractual Trade	28,399
Pupil Transportation	27,860
Other	83,267
Total	<u>\$ 1,408,069</u>

**NOTE 13 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2024, Menlo Park Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes for Error Corrections. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of Menlo Park Academy.

**NOTE 14 - SPONSOR CONTRACT**

MPA contracted with Educational Service Center of Lake Erie West as its sponsor and oversight services as required by law. Sponsorship fees are calculated as a 2.75 percent of state funds received by MPA from the State of Ohio. For the fiscal year ended June 30, 2024, the total sponsorship fees paid totaled \$111,240.

**NOTE 15 – SUBSEQUENT EVENTS**

As of December 18, 2024 the Academy is in the process of transitioning the existing debt (See Note 6) to a new lender and is expected to close in December 2024. Additionally, another portion of the debt will be forgiven. The Academy is also expected to enter into a new lease at that time to commence in January 2025.



# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Required Supplementary Information Schedule of the MPA's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
MPA's Proportion of the Net Pension Liability	0.0154925%	0.0182206%	0.0193461%	0.0182393%	0.0095028%	0.0084027%	0.0067112%	0.0061120%	0.009210%	0.008302%
MPA's Proportionate Share of the Net Pension Liability	\$ 856,040	\$ 985,512	\$ 713,815	\$ 1,206,385	\$ 568,596	\$ 481,238	\$ 400,979	\$ 447,357	\$ 525,537	\$ 420,159
MPA's Covered Payroll	\$ 572,207	\$ 731,293	\$ 617,129	\$ 639,429	\$ 326,000	\$ 283,126	\$ 212,314	\$ 309,686	\$ 277,276	\$ 243,449
MPA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	149.60%	134.76%	115.67%	188.67%	174.42%	169.97%	188.86%	144.46%	189.54%	172.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Amounts presented as of the MPA's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Required Supplementary Information Schedule of the MPA's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
MPA's Proportion of the Net Pension Liability	0.01202591%	0.01678407%	0.01358788%	0.01248253%	0.01232596%	0.00130510%	0.01205793%	0.01279692%	0.01152955%	0.01069663%
MPA's Proportionate Share of the Net Pension Liability	\$ 2,589,772	\$ 3,731,119	\$ 1,737,333	\$ 3,020,327	\$ 2,725,813	\$ 2,869,628	\$ 2,864,387	\$ 4,283,515	\$ 3,186,430	\$ 2,601,791
MPA's Covered Payroll	\$ 1,624,321	\$ 2,182,007	\$ 1,676,657	\$ 1,506,443	\$ 1,447,114	\$ 1,483,671	\$ 1,325,621	\$ 1,273,593	\$ 1,202,914	\$ 1,176,969
MPA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.44%	170.99%	103.62%	200.49%	188.36%	193.41%	216.08%	336.33%	264.89%	221.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.02%	78.90%	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%

Amounts presented as of the MPA's measurement date  
which is the prior fiscal period end.

See accompanying notes to the required supplementary information

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Required Supplementary Information Schedule of MPA Contributions - Pension School Employees Retirement System of Ohio Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 67,001	\$ 80,109	\$ 102,381	\$ 86,398	\$ 89,520	\$ 44,010	\$ 38,222	\$ 29,724	\$ 43,356	\$ 36,545
Contributions in Relation to the Contractually Required Contribution	(67,001)	(80,109)	(102,381)	(86,398)	(89,520)	(44,010)	(38,222)	(29,724)	(43,356)	(36,545)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MPA Covered Payroll	\$ 478,579	\$ 572,207	\$ 731,293	\$ 617,129	\$ 639,429	\$ 326,000	\$ 283,126	\$ 212,314	\$ 309,686	\$ 277,276
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Required Supplementary Information Schedule of MPA Contributions - Pension State Teachers Retirement System of Ohio Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 176,019	\$ 227,405	\$ 305,481	\$ 234,732	\$ 210,902	\$ 202,596	\$ 207,714	\$ 185,587	\$ 178,303	\$ 168,408
Contributions in Relation to the Contractually Required Contribution	<u>(176,019)</u>	<u>(227,405)</u>	<u>(305,481)</u>	<u>(234,732)</u>	<u>(210,902)</u>	<u>(202,596)</u>	<u>(207,714)</u>	<u>(185,587)</u>	<u>(178,303)</u>	<u>(168,408)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MPA Covered Payroll	\$ 1,257,279	\$ 1,624,321	\$ 2,182,007	\$ 1,676,657	\$ 1,506,443	\$ 1,447,114	\$ 1,483,671	\$ 1,325,621	\$ 1,273,593	\$ 1,202,914
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Required Supplementary Information Schedule of the MPA's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
MPA's Proportion of the Net OPEB Liability	0.0155661%	0.0188778%	0.0181696%	0.0179760%	0.0098031%	0.0086012%	0.0062458%	0.0059486%
MPA's Proportionate Share of the Net OPEB Liability	\$ 256,444	\$ 265,047	\$ 343,874	\$ 390,678	\$ 246,527	\$ 238,621	\$ 167,621	\$ 169,557
MPA's Covered Payroll	\$ 572,207	\$ 731,293	\$ 617,129	\$ 639,429	\$ 326,000	\$ 283,126	\$ 212,314	\$ 309,686
MPA's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	44.82%	36.24%	55.72%	61.10%	75.62%	84.28%	78.95%	54.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the MPA's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Required Supplementary Information Schedule of the MPA's Proportionate Share of the Net OPEB Liability/(Asset) State Teachers Retirement System of Ohio Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
MPA's Proportion of the Net OPEB Liability/Asset	0.01202591%	0.01678407%	0.01358788%	0.01248253%	0.01232596%	0.01305103%	0.01205793%	0.01279692%
MPA's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (233,887)	\$ (434,597)	\$ (286,490)	\$ (219,380)	\$ (204,148)	\$ (209,717)	\$ 470,456	\$ 684,383
MPA's Covered Payroll	\$ 1,624,321	\$ 2,182,007	\$ 1,676,657	\$ 1,506,443	\$ 1,447,114	\$ 1,483,671	\$ 1,325,621	\$ 1,273,593
MPA's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.40%	-19.92%	-17.09%	-14.56%	-14.11%	-14.14%	35.49%	53.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	168.52%	174.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the MPA's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Required Supplementary Information Schedule of MPA Contributions - OPEB School Employees Retirement System of Ohio Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (1)	\$ 5,160	\$ 9,352	\$ 13,592	\$ 3,459	\$ 7,051	\$ 7,916	\$ 6,403	\$ 4,061	\$ 1,957	\$ 303
Contributions in Relation to the Contractually Required Contribution	<u>(5,160)</u>	<u>(9,352)</u>	<u>(13,592)</u>	<u>(3,459)</u>	<u>(7,051)</u>	<u>(7,916)</u>	<u>(6,403)</u>	<u>(4,061)</u>	<u>(1,957)</u>	<u>(303)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
MPA Covered Payroll	\$ 478,579	\$ 572,207	\$ 731,293	\$ 617,129	\$ 639,429	\$ 326,000	\$ 283,126	\$ 212,314	\$ 309,686	\$ 277,276
OPEB Contributions as a Percentage of Covered Payroll (1)	1.08%	1.63%	1.86%	0.56%	1.10%	2.43%	2.26%	1.91%	0.63%	0.11%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Required Supplementary Information Schedule of MPA Contributions - OPEB State Teachers Retirement System of Ohio Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MPA's Covered Payroll	\$ 1,257,279	\$ 1,624,321	\$ 2,182,007	\$ 1,676,657	\$ 1,506,443	\$ 1,447,114	\$ 1,483,671	\$ 1,325,621	\$ 1,273,593	\$ 1,202,914
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information



## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

#### **NOTE 1 - NET PENSION LIABILITY**

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

##### ***Changes in Assumptions - SERS***

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Years 2016 and Prior</u>
Wage Inflation	2.40%	3.00%	3.25%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%	4.00% to 22.00%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	7.75% net of investment expenses, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP2020 projection scale generationally.

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

##### ***Changes in Benefit Terms - SERS***

For fiscal year 2022, COLA were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA were reduced from 2.50 percent to 2.00 percent.

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

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 Assumptions – STRS***

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	<u>Fiscal Years 2022 and 2023</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
Inflation	2.50%	2.50%	2.75%
Projected Salary Increases	From 2.50% to 12.50% based on age	From 12.50% at age 20 to 2.50% at age 65	From 12.25% at age 20 to 2.75% at age 70
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.45%	7.75%
Payroll Increases	3.00%	3.00%	3.50%

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP2014 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. Post-retirement disabled 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

## MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

### Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

#### ***Changes in Benefit Terms - STRS***

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date.

#### **NOTE 2 - NET OPEB LIABILITY (ASSET)**

#### ***Changes in Assumptions – SERS***

Amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	<u>Fiscal Years 2023 and 2022</u>	<u>Fiscal Years 2021-2017</u>
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.50%

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

	<u>Fiscal Year</u>							
<u>Assumption</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal Bond Index Rate	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	4.27%	4.08%	2.27%	2.63%	3.22%	3.70%	3.63%	2.98%

## **MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

### **Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024**

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#### ***Changes in Assumptions – STRS***

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

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.

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 – STRS***

Effective January 1, 2024, Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes.

For fiscal year 2023, health care trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

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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.

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Combining Statement of Net Position

	Menlo Park Academy	West 53rd Holdings, LLC	West 53rd Master Tenant, LLC	TAE Manager, LLC	Eliminations	Total
	6/30/2024	12/31/2023	12/31/2023	12/31/2023		
<b>Assets:</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 1,337,162	\$ 14,203	\$ -	\$ -	\$ -	\$ 1,351,365
Restricted Cash	210,517	-	-	-	-	210,517
Investments in Related Entities	-	-	133,354	-	(133,354)	-
Intergovernmental Receivable	15,397	-	-	-	-	15,397
Accounts Receivable	235,635	75,846	225,799	-	(263,324)	273,956
Rent Receivable	-	509,383	643,647	-	(1,153,030)	-
Loans Receivable	6,074,000	-	1,898,564	-	(7,972,564)	-
Other Assets	126,467	2,991	410,109	-	-	539,567
<b>Total Current Assets</b>	<b>7,999,178</b>	<b>602,423</b>	<b>3,311,473</b>	<b>-</b>	<b>(9,522,272)</b>	<b>2,390,802</b>
<b>Noncurrent Assets:</b>						
Invested in Component Units	4,403,673	-	-	-	(4,403,673)	-
OPEB Asset	233,887	-	-	-	-	233,887
Land	-	415,756	-	-	-	415,756
Capital Assets, net of	537,059	13,112,074	-	-	-	13,649,133
Accumulated Depreciation	5,174,619	13,527,830	-	-	(4,403,673)	14,298,776
<b>Total Assets</b>	<b>13,173,797</b>	<b>14,130,253</b>	<b>3,311,473</b>	<b>-</b>	<b>(13,925,945)</b>	<b>16,689,578</b>
<b>Deferred Outflows of Resources</b>	<b>1,296,170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,296,170</b>
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Accounts Payable	202,871	-	-	-	-	202,871
Accrued Wages and Benefits	237,132	-	-	-	-	237,132
Capital Leases Payable	19,218	-	-	-	-	19,218
Accrued Expenses	-	242,741	-	-	(242,741)	-
Current Portion of Long-Term Debt	4,184,255	11,132,255	-	-	(7,972,564)	7,343,946
Rent Payable	-	-	509,383	-	(509,383)	-
Unearned Revenue	40,010	-	-	-	-	40,010
<b>Total Current Liabilities</b>	<b>4,683,486</b>	<b>11,374,996</b>	<b>509,383</b>	<b>-</b>	<b>(8,724,688)</b>	<b>7,843,177</b>
<b>Noncurrent Liabilities:</b>						
Net Pension and OPEB Liability	3,702,256	-	-	-	-	3,702,256
<b>Total Noncurrent Liabilities</b>	<b>3,702,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,702,256</b>
<b>Total Liabilities</b>	<b>8,385,742</b>	<b>11,374,996</b>	<b>509,383</b>	<b>-</b>	<b>(8,724,688)</b>	<b>11,545,433</b>
<b>Deferred Inflows of Resources</b>	<b>1,589,483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,589,483</b>
<b>Net Position/ Equity:</b>						
Net Investment in Capital Assets	2,637,321	2,395,575	1,898,564	-	-	6,931,460
Unrestricted Net Position	1,857,421	359,682	903,526	-	(5,201,257)	(2,080,628)
<b>Total Net Position</b>	<b>\$ 4,494,742</b>	<b>\$ 2,755,257</b>	<b>\$ 2,802,090</b>	<b>\$ -</b>	<b>\$ (5,201,257)</b>	<b>\$ 4,850,832</b>

**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**

	Menlo Park Academy 6/30/2024	West 53rd Holdings, LLC 12/31/2023	Master Tenant, LLC 12/31/2023	TAE Manager, LLC 12/31/2023	Eliminations	Total
<b>Operating Revenues:</b>						
State Sources	\$ 3,892,529	\$ -	\$ -	\$ -	\$ -	\$ 3,892,529
Lease Income	-	798,568	843,766	-	(1,220,456)	421,878
Classroom Materials and Fees	231,562					231,562
Charges for Services	12,255					12,255
Miscellaneous	83,241					83,241
<b>Total Operating Revenues</b>	<b>4,219,587</b>	<b>798,568</b>	<b>843,766</b>	<b>-</b>	<b>(1,220,456)</b>	<b>4,641,465</b>
<b>Operating Expenses:</b>						
Salaries and Benefits	2,007,569	-	-	-	-	2,007,569
Rent	421,888	-	798,568	-	(1,220,456)	-
Purchased Services	1,299,488	54,751	-	-	53,830	1,408,069
Supplies	231,560	-	-	-	-	231,560
Depreciation and Amortization	108,315	454,004	-	-	-	562,319
Other Operating Expenses	290,706	47,119	912	-	-	338,737
<b>Total Operating Expenses</b>	<b>4,359,526</b>	<b>555,874</b>	<b>799,480</b>	<b>-</b>	<b>(1,166,626)</b>	<b>4,548,254</b>
<b>Operating Income (Loss)</b>	<b>(139,939)</b>	<b>242,694</b>	<b>44,286</b>	<b>-</b>	<b>(53,830)</b>	<b>93,211</b>
<b>Non-Operating Revenues and Expenses:</b>						
Pass-Thru Expenses	-	-	(17,507)	-	17,507	-
Federal and Intergovernmental Revenues	426,006	-	-	-	-	426,006
Other Grants	226,687					226,687
Distributions	-	(250,000)	-	-	250,000	-
Debt Forgiveness	607,324	-	-	-	(607,324)	-
Interest Income	193,065	7	54,928	-	(213,818)	34,182
Interest Expense	(281,765)	(445,230)	-	-	213,818	(513,177)
<b>Total Non-Operating Revenues and Expenses</b>	<b>1,171,317</b>	<b>(695,223)</b>	<b>37,421</b>	<b>-</b>	<b>(339,817)</b>	<b>173,698</b>
<b>Change in Net Position Before Member Contributions</b>	<b>1,031,378</b>	<b>(452,529)</b>	<b>81,707</b>	<b>-</b>	<b>(393,647)</b>	<b>266,909</b>
<b>Member Contributions</b>	<b>1,679,301</b>	<b>-</b>	<b>-</b>	<b>(1,679,301)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>2,710,679</b>	<b>(452,529)</b>	<b>81,707</b>	<b>(1,679,301)</b>	<b>(393,647)</b>	<b>266,909</b>
Net Position, Beginning of Year	1,784,063	3,207,786	2,720,383	1,679,301	(4,807,610)	4,583,923
Net Position, End of Year	\$ 4,494,742	\$ 2,755,257	\$ 2,802,090	\$ -	\$ (5,201,257)	\$ 4,850,832

# MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

## Combining Statement of Cash Flows

	Menlo Park Academy 6/30/2024	West 53rd Holdings, LLC 12/31/2023	Master Tenant, LLC 12/31/2023	TAE Manager, LLC 12/31/2023	Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
State Aid Receipts	\$ 3,932,539	\$ -	\$ -	\$ -	\$ -	\$ 3,932,539
Lease Income	-	708,842	622,889	-	(1,331,731)	-
Other Operating Receipts	327,058	25,418	-	-	-	352,476
Cash Payments for Asset Management Fees	-	(47,119)	-	-	-	(47,119)
Cash Payments to Employees for Services	(1,732,911)	-	-	-	-	(1,732,911)
Cash Payments for Employee Benefits	(300,185)	-	-	-	-	(300,185)
Cash Payments to Suppliers for Goods and Services	(2,170,536)	(72,157)	(634,754)	-	1,331,731	(1,545,716)
Net Cash Provided by (Used For) Operating Activities	55,965	614,984	(11,865)	-	-	659,084
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Other Grant Receipts	226,687	-	-	-	-	226,687
Federal and State Restricted Grant Receipts	381,646	-	-	-	-	381,646
Net Cash Provided By Noncapital Financing Activities	608,333	-	-	-	-	608,333
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Cash Payments for Capital Assets	(327,135)	-	-	-	-	(327,135)
Principal Payments Made on Loans	(314,549)	(51,348)	-	-	-	(365,897)
Principal Payments Received on Loans	136,855	-	-	-	(136,855)	-
Cash Received from Interest Income	158,882	-	-	-	(158,882)	-
Cash Payments for Interest Expense	(281,765)	(349,455)	-	-	158,882	(472,338)
Cash Received from Distributions	-	-	-	250,000	(250,000)	-
Cash Payments for Distributions	-	(250,000)	-	(251,856)	386,855	(115,001)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(627,712)	(650,803)	-	(1,856)	-	(1,280,371)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Income Receipts	34,182	7	-	-	-	34,189
Net Cash Provided By (Used For) Investing Activities	34,182	7	-	-	-	34,189
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	70,768	(35,812)	(11,865)	(1,856)	-	21,235
<b>Cash and Cash Equivalents - Beginning of the Year</b>	1,476,911	50,015	11,865	1,856	-	1,540,647
<b>Cash and Cash Equivalents - End of the Year</b>	\$ 1,547,679	\$ 14,203	\$ -	\$ -	\$ -	\$ 1,561,882



**MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO**  
**Combining Statement of Cash Flows (continued)**

	Menlo Park Academy 6/30/2024	West 53rd Holdings, LLC 12/31/2023	West 53rd Master Tenant, LLC 12/31/2023	TAE Manager, LLC 12/31/2023	Eliminations	Total
<b>Reconciliation of Operating Income(Loss) to Net Cash Provided by (Used For) Operating Activities</b>						
Operating Income (Loss)	\$ (139,939)	\$ 242,694	\$ 44,286	\$ -	\$ (53,830)	\$ 93,211
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</b>						
Depreciation	108,315	454,004	-	-	-	562,319
<b>Changes in Assets, Liabilities, and Deferred Inflows and Outflows:</b>						
(Increase)/Decrease in Account Receivables	25,305	8,012	(237)	-	71,846	104,926
(Increase)/Decrease in Rent Receivables	-	(89,726)	264,232	-	230,048	404,554
(Increase)/ Decrease in Deferred Outflows	614,441	-	-	-	-	614,441
(Increase)/ Decrease in Deferred Outflows OPEB	(2,445)	-	-	-	-	(2,445)
(Increase)/ Decrease in OPEB Asset	200,710	-	-	-	-	200,710
Increase/ (Decrease) in Deferred Inflows	646,006	-	-	-	-	646,006
Increase/ (Decrease) in Deferred Inflows OPEB	(175,179)	-	-	-	-	(175,179)
Increase/ (Decrease) in Net Pension	(1,270,819)	-	-	-	-	(1,270,819)
Increase/ (Decrease) in OPEB Liability	(8,603)	-	-	-	-	(8,603)
(Increase)/Decrease in Other Assets	(112,007)	-	(409,872)	-	-	(521,879)
Increase/(Decrease) in Accounts Payable, Trade	79,198	-	-	-	-	79,198
Increase/(Decrease) in Accrued Expenses	-	-	-	-	(54,333)	(54,333)
Increase/(Decrease) in Rent Payable	104,005	-	89,726	-	(193,731)	-
Increase/(Decrease) in Capital Lease	(23,395)	-	-	-	-	(23,395)
Increase/(Decrease) in Accrued Wages & Benefits	(29,638)	-	-	-	-	(29,638)
Increase/(Decrease) in Unearned Revenue	40,010	-	-	-	-	40,010
<b>Net Cash Provided by (Used For) Operating Activities</b>	<b>\$ 55,965</b>	<b>\$ 614,984</b>	<b>\$ (11,865)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 659,084</b>

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**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***

To the Board of Directors  
Menlo Park Academy  
3149 West 53<sup>rd</sup> Street  
Cleveland, OH 44102

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 (*Government Auditing Standards*), the financial statements of Menlo Park Academy, Cuyahoga County, Ohio (the “Academy”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated December 18, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Academy’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 Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’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 or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy'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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rea & Associates, Inc.  
Medina, Ohio  
December 18, 2024

# OHIO AUDITOR OF STATE KEITH FABER



**MENLO PARK ACADEMY**

**CUYAHOGA 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 2/18/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)