

THE UNLIMITED CLASSROOM

MAHONING COUNTY

Regular Audit

For the Year Ended June 30, 2024





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Columbus, Ohio 43215
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Board of Trustees
Unlimited Classroom dba Valley Virtual Remote Learning Academy
7320 North Palmyra Road
Canfield, Ohio 44406

We have reviewed the *Independent Auditor's Report* of the Unlimited Classroom dba Valley Virtual Remote Learning Academy, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2022 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 Unlimited Classroom dba Valley Virtual Remote Learning Academy is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 30, 2025

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**The Unlimited Classroom
Mahoning County
For the Year Ended June 30, 2024**

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Charles E. Harris & Associates, Inc.

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INDEPENDENT AUDITOR'S REPORT

Mahoning Unlimited Classroom
Mahoning County
7320 North Palmyra Road
Canfield, Ohio 44406

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Unlimited Classroom, Mahoning County, Ohio (the School), 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 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 School as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the 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. 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 School, 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 School'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 School'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 School's ability to continue as a going concern for a reasonable period of time.

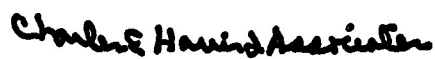
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension liabilities listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2025, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
May 2, 2025

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The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The discussion and analysis of The Unlimited Classroom dba Valley Virtual Remote Learning Academy's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- ❑ Net position increased in fiscal year 2024 primarily due to an increase in cash as foundation revenues outpaced expenses. The ESC of Eastern Ohio's Board allowed the School to make payments for those services and full payment made during fiscal year 2024.
- ❑ The School's capital asset additions included technology equipment purchases. The School will continue to update available equipment on an as-needed basis.
- ❑ In fiscal year 2024 the School had enrollment of 100 students interested in the highest quality remote instruction allowing students to work at their own pace.

Using the Basic Financial Statements

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

Reporting the School Financial Activities

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

These documents look at all financial transactions and ask the question, "How did the School perform financially during 2024?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

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

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

The School as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the School as a whole. Table 1 provides a summary of the School's net position for the current fiscal year compared to the prior fiscal year:

	(Table 1) Net Position		
	2024	2023	Change
Assets			
Current and Other Assets	\$975,612	\$472,330	\$503,282
Capital Assets	10,292	0	10,292
<i>Total Assets</i>	<u>985,904</u>	<u>472,330</u>	<u>513,574</u>
Liabilities			
Current Liabilities	22,468	47,209	24,741
Net Position			
Investment in Capital Assets	10,292	0	10,292
Restricted for:			
State Programs	6,298	9,037	(2,739)
Federal Programs	17,501	20	17,481
Unclaimed Monies	3,906	2,672	1,234
Unrestricted	925,439	413,392	512,047
<i>Total Net Position</i>	<u>\$963,436</u>	<u>\$425,121</u>	<u>\$538,315</u>

The School uses capital assets to provide services to its students; consequently, these assets are not available for future spending. These assets are mostly depreciated as of fiscal year 2024. The School continues to update available equipment on an as-needed basis. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the School does not have any outstanding debt obligations.

The School continues to provide the services that the School residents expect while maintaining the costs of providing those services. Current liabilities decreased as a result of lower foundation payables at fiscal year end.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for fiscal years 2024 and 2023.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

(Table 2)			
Changes in Net Position			
	2024	2023	Change
<i>Operating Revenues</i>			
Foundation Revenues	\$836,348	\$864,820	(\$28,472)
Miscellaneous	1,927	2,294	(367)
<i>Total Operating Revenues</i>	<u>838,275</u>	<u>867,114</u>	<u>(28,839)</u>
<i>Operating Expenses</i>			
Purchased Services	513,815	501,378	(12,437)
Materials and Supplies	4,147	30,651	26,504
Depreciation	542	0	(542)
Other	49,386	42,188	(7,198)
<i>Total Operating Expenses</i>	<u>567,890</u>	<u>574,217</u>	<u>6,327</u>
<i>Operating Income (Loss)</i>	<u>270,385</u>	<u>292,897</u>	<u>(22,512)</u>
<i>Non-Operating Revenues (Expenses)</i>			
Grants and Subsidies	234,065	261,068	(27,003)
Investment Earnings/Interest	141	67	74
Contributions and Donations	33,724	33,724	0
<i>Total Non-Operating Revenues(Expenses)</i>	<u>267,930</u>	<u>294,859</u>	<u>(26,929)</u>
Change in Net Position	538,315	587,756	(49,441)
<i>Net Deficit Beginning of Year</i>	<u>425,121</u>	<u>(162,635)</u>	<u>587,756</u>
<i>Net Position (Deficit) End of Year</i>	<u>\$963,436</u>	<u>\$425,121</u>	<u>\$538,315</u>

As the preceding table illustrates, the School's primary source of revenue is State foundation revenue. State foundation revenue is based on Full Time Equivalent (FTE) students reported by the School.

The main component of expenses for the School is purchased services, which accounted for the vast majority of all expenses in the fiscal year. Purchased services expense consists primarily of Educational Service Center of Eastern Ohio (ESC) employees who are contracted by the School to educate students and facility, equipment and classroom rental charges paid to the ESC.

Non-operating revenue consists of an in-kind donation from the ESC. The difference between the amount paid by the School for the rental of classroom space at the ESC facility and the standard market rate for the same space is reported as contribution and donation revenue and a like amount as purchased service expense. Grants and subsidies revenues are provided by the federal government. The School receives federal funding for the following programs: Improving Basic Programs, Supporting Effective Instruction, Student Support and Academic Enrichment, and Special Education. The School also received a grant specific to the COVID pandemic.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Capital Assets

During fiscal year 2024, the School's only capital asset addition was for technology equipment. There were no capital asset deletions. The School continues to update available equipment on an as-needed basis. For more information about the School's capital assets, see Note 9 to the basic financial statements.

Current Issues

The Unlimited Classroom dba Valley Virtual Remote Learning Academy is an online community school committed to quality educational opportunities for students who benefit from a non-traditional learning experience.

We offer the highest quality remote instruction that allows students to work at their own pace. Opportunities for students as young as 6th grade to adults returning to earn their high school diplomas, our students are given the opportunity to graduate through multiple pathways or alternative routes.

Our Mission

Valley Virtual Remote Learning Academy, an online public community school, strives to foster nurturing partnerships among parents, students and staff, collaborating to create an educational environment that prepares students for success in the 21st century.

The School receives approximately over 99 percent of its operating revenues from the Ohio Department of Education and Workforce in the form of State Foundation revenues. Thus, the School is heavily reliant on the State funding formula in its ability to continue to provide quality educational services to its students.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Ryan Jones at r.jones@esceasternohio.org, Treasurer, Educational Service Center of Eastern Ohio, 7320 North Palmyra Road, Canfield, Ohio 44406.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Statement of Net Position
June 30, 2024

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$972,671
Intergovernmental Receivable	<u>2,941</u>

Total Current Assets 975,612

Non-Current Assets:

Capital Assets, Net	<u>10,292</u>
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Total Assets 985,904

Liabilities

Current Liabilities:

Accounts Payable	1,187
Intergovernmental Payable	<u>21,281</u>

Total Liabilities 22,468

Net Position

Investment in Capital Assets	10,292
Restricted for:	
State Programs	6,298
Federal Programs	17,501
Unclaimed Monies	3,906
Unrestricted	<u>925,439</u>

Total Net Position \$963,436

See accompanying notes to the basic financial statements

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Statement of Revenues,
Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

Operating Revenues	
Foundation Revenues	\$836,348
Miscellaneous	1,927
	<hr/>
<i>Total Operating Revenues</i>	<i>838,275</i>
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Operating Expenses	
Purchased Services	513,815
Materials and Supplies	4,147
Depreciation	542
Other	49,386
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<i>Total Operating Expenses</i>	<i>567,890</i>
	<hr/>
<i>Operating Income (Loss)</i>	<i>270,385</i>
	<hr/>
Non-Operating Revenues (Expenses)	
Grants and Subsidies	234,065
Investment Earnings/Interest	141
Contributions and Donations	33,724
	<hr/>
<i>Total Non-Operating Revenues (Expenses)</i>	<i>267,930</i>
	<hr/>
<i>Change in Net Position</i>	<i>538,315</i>
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<i>Net Position Beginning of Year</i>	<i>425,121</i>
	<hr/>
<i>Net Position End of Year</i>	<i>\$963,436</i>
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See accompanying notes to the basic financial statements

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from State Foundation	\$836,348
Cash Received from Other	1,927
Cash Payments for Purchased Services	(502,538)
Cash Payments for Materials and Supplies	(4,147)
Cash Payments for Other	(51,680)
	<hr/>

<i>Net Cash Provided by (Used for) Operating Activities</i>	279,910
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Cash Flows from Noncapital Financing Activities

Cash Received from Grants and Subsidies	231,324
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Cash Flows from Capital and Related Financing Activities

Payments for Capital Acquisitions	(10,834)
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Cash Flows from Investing Activities

Investment Earnings/Interest	141
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<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	500,541
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<i>Cash and Cash Equivalents Beginning of Year</i>	472,130
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<i>Cash and Cash Equivalents End of Year</i>	\$972,671
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Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) by Operating Activities

Operating Income (Loss)	\$270,385
Depreciation	542
In-Kind Contributions	33,724
Increase/(Decrease) in Liabilities:	
Accounts Payable	(10,241)
Intergovernmental Payable	(14,500)
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<i>Total Adjustments</i>	(24,741)
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<i>Net Cash Provided by (Used for) Operating Activities</i>	\$279,910
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Noncash Transactions:

During fiscal year 2024, the School received in-kind contributions related to rent in the amount of \$33,724.

See accompanying notes to the basic financial statements

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 - Description of the School and Reporting Entity

The Unlimited Classroom dba Valley Virtual Remote Learning Academy (the “School”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School’s objective is to focus on providing students with curriculum and instruction via distance learning technology. The School is a public school that provides an alternative to the traditional educational setting. The School, which is part of the State’s education program, is nonsectarian in its programs, admissions policies, employment practices and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School is a legally separate, start-up community school, served by a Board of Directors. The five-person Board of Directors, appointed by the Educational Service Center of Eastern Ohio (ESC), consists of one person employed in an administrator position with the Mahoning County Career and Technical Center (MCCTC), three persons who are neither officers nor employees of the ESC of Eastern Ohio or MCCTC who shall be a public educator or other public office, and one person who is appointed to represent the interests of the parents and students of the School.

Jefferson County ESC became the sponsor of the School on July 31, 2017 and its sponsorship ended on December 15, 2019. The Ohio Department of Education and Workforce, Office of School Sponsorship became the sponsor of the School on December 14, 2019.

The Area Cooperative Computerized Educational Service System (ACCESS), under a purchased services basis with the School, provides internet, e-mail and other services to the School (See Note 5). Personnel providing services to the School on behalf of the ESC of Eastern Ohio are considered employees of the ESC and the ESC shall be solely responsible for all payroll functions. The School provides services to approximately 100 students.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School consists of all funds, departments and agencies that are not legally separate from the School. For the School, this includes instructional activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization’s Governing Board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization’s resources; or (3) the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading.

Based upon the application of these criteria, the School has no component units. The basic financial statements of the reporting entity include only those of the School (the primary government).

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a "flow of economic resources" measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted and all eligibility requirements have been met; eligibility requirements include matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time they are incurred.

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires the School to submit a financial plan detailing an estimated school budget for each fiscal year of the contract, or five years, whichever is less. Annual budget needs prepared and submitted to the Sponsor by December for approval.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does not require the School to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

Cash and Cash Equivalents

Cash received by the School is reflected as “cash and cash equivalents” on the statement of net position. The School had no investments during the fiscal year ended June 30, 2024.

Net Position

Net position represents the difference between assets and liabilities. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for state and federal programs represents amounts restricted by the state and federal government, respectively.

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

Intergovernmental Revenue

The School currently participates in the State Foundation Basic Aid, Public School Connectivity, Special Education grant, Improving Basic Programs grant, Supporting Effective Instruction grant and Student Support and Academic Enrichment grant. The foundation funding is recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year. Federal and State grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Intergovernmental revenues associated with the Foundation Program Basic Aid totaled \$836,348 and those associated with Federal and State grants totaled \$234,065 during fiscal year 2024.

The amount of State Foundation grants is directly related to the number of students enrolled in the School. The Ohio Department of Education and Workforce conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which State foundation funding is calculated.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the financial statements. The School had no long-term obligations at June 30, 2024.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
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 (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Operating Revenues and Expenses

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

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of one thousand dollars. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture, Fixtures and Equipment	10 years

Note 3 - Deposits and Investments

Monies held by the School are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School treasury. Active monies must be maintained either as cash in the School treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Protection of the School's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the School can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 4 – Purchased Services

For fiscal year ended June 30, 2024, purchased services expenses were as follows:

Professional and technical services	\$440,842
Property services	35,180
Travel mileage/meeting expense	21
Communications	8,550
Tuition	29,222
Total	<u><u>\$513,815</u></u>

Note 5 - Service Agreements

Area Cooperative Computerized Educational Service System (ACCESS)

The School entered into a one-year agreement commencing on July 1, 2023 and ending June 30, 2024, with ACCESS for internet access, electronic mail, Ohio Uniform School Accounting System (USAS), the Uniform Staff Payroll System (USPS), Educational Management Information System (EMIS), Student Information System (Progressbook) to include student grade reporting, attendance and scheduling and INFOhio Automated library services. Separate and apart from this agreement, the School agrees to obtain at its own expense, the additional computer and electronic equipment necessary for receipt of these services at the School's facilities. The School paid ACCESS \$11,472 for services during fiscal year 2024.

ESC of Eastern Ohio

The School has a service contract with the ESC of Eastern Ohio. This contract outlines the services that are provided to the School, which include fiscal, payroll, administrative, and teaching services. The School's payments to the ESC of Eastern Ohio for the period July 1, 2023 through June 30, 2024 were as follows:

Professional and technical services	\$447,322
Property services	1,577
Travel mileage/meeting expense	321
Communications	795
Supplies	1,064
Other	25,000
Total	<u><u>\$476,079</u></u>

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 6 - Contingencies

Grants

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2024, if applicable, cannot be determined at this time.

School Foundation

In fiscal year 2024, School foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 have been finalized. The final adjustment was not material and is not reflected in the accompanying financial statements.

Under Ohio Rev. Code Section 3314.08, DEW may also perform an FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. DEW did perform such a review on the School for fiscal year 2024.

Litigation

The School is not a party to any legal proceedings.

Note 7 – In-Kind Contribution

On October 17, 2023, The Unlimited Classroom dba Valley Virtual Remote Learning Academy (the “Lessee”) entered into a room space lease agreement (the “Master Lease Agreement”) with the Educational Service Center of Eastern Ohio (the “Lessor”) to provide 2 offices and a computer lab for use by the School. The terms of the Master Lease Agreement commenced August 1, 2023 and terminate July 31, 2024. The Lessee shall pay the Lessor one dollar per year in rent in accordance with the Master Lease Agreement. The School has reported an in-kind contribution in the amount of \$33,724 equal to the difference between the actual rent payments made and the standard market rate rent of the leased space.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 8 – Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2024, professional liability and commercial liability is provided through the Educational Service Center of Eastern Ohio's Selective Insurance Company's insurance plan which has a \$1,000,000 limit for employer's liability, a \$1,000,000 limit for flood and earthquake, a commercial general liability of \$3,000,000 annual aggregate/\$1,000,000 single occurrence limit and \$1,000 deductible.

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance 07/01/23	Additions	Deductions	Balance 06/30/24
<i>Capital Assets being Depreciated:</i>				
Furniture, Fixtures and Equipment	\$341,125	\$10,834	\$0	\$351,959
<i>Less Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(341,125)	(542)	0	(341,667)
<i>Capital Assets, Net</i>	<u>\$0</u>	<u>\$10,292</u>	<u>\$0</u>	<u>\$10,292</u>

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the School received COVID-19 funding. The School will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 11 – Change in Accounting Principle

For fiscal year 2024, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The School also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of this GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position.

Required Supplementary Information

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021
School's Proportion of the Net Pension Liability	0.000000000%	0.000000000%	0.000000000%	0.000000000%
School's Proportionate Share of the Net Pension Liability	\$0	\$0	\$0	\$0
School's Covered Payroll	\$0	\$0	\$0	\$0
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

(1) Information prior to 2014 is not available.

*Amounts presented for each fiscal year were determined as of the School's measurement date which is the prior fiscal year end.

Note - The School began exclusively utilizing ESC of Eastern Ohio employees for teachers starting in 2015.

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.000000000%	0.000000000%	0.000000000%	0.000000000%	0.00000058%	0.00012371%
\$0	\$0	\$0	\$0	\$160	\$30,091
\$0	\$0	\$0	\$0	\$0	\$12,646
0.00%	0.00%	0.00%	0.00%	0.00%	237.95%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Net Pension Liability

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 below:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustment (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

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 Disable 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 RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. 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.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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 set-back 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.

Changes in Benefit Term – STRS

For 2024, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

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.

**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**

The Unlimited Classroom
Mahoning County
7320 North Palmyra Road
Canfield, Ohio 44406

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Unlimited Classroom, Mahoning County, Ohio (the School), 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 May 2, 2025.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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.

The Unlimited Classroom

Mahoning County

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*

Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.

May 2, 2025

THE UNLIMITED CLASSROOM

MAHONING COUNTY

Regular Audit

For the Year Ended June 30, 2023



**The Unlimited Classroom
Mahoning County
For the Year Ended June 30, 2023**

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Unlimited Classroom
Mahoning County
7320 North Palmyra Road
Canfield, Ohio 44406

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Unlimited Classroom, Mahoning County, Ohio (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School'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 School as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the 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. 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 School, 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 School'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 School'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 School'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 schedules of net pension liabilities and pension contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2025, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
May 2, 2025

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The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The discussion and analysis of the The Unlimited Classroom's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- ❑ Net position increased in fiscal year 2023 primarily due to decreases in the amount owed to the Mahoning County ESC for services rendered coupled with an increase in cash as foundation revenues outpaced expenses. The ESC's Board allowed the School to make payments for those services and full payment made during fiscal year 2023.
- ❑ The School's capital assets, consisting of equipment, are fully depreciated. The School will be looking to update available equipment on an as-needed basis.
- ❑ In fiscal year 2023 the School had enrollment of 106 students interested in the highest quality remote instruction allowing students to work at their own pace.

Using the Basic Financial Statements

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

Reporting the School Financial Activities

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

These documents look at all financial transactions and ask the question, "How did the School perform financially during 2023?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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

The School as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the School as a whole. Table 1 provides a summary of the School's net position for the current fiscal year compared to the prior fiscal year:

	(Table 1) Net Position		
	2023	2022	Change
Assets			
Current and Other Assets	\$472,330	\$173,926	\$298,404
Liabilities			
Current Liabilities	47,209	336,561	289,352
Net Position			
Restricted for:			
State Programs	9,037	8,799	238
Federal Programs	20	20	0
Unclaimed Monies	2,672	2,672	0
Unrestricted	413,392	(174,126)	587,518
Total Net Position	\$425,121	(\$162,635)	\$587,756

The School uses capital assets to provide services to its students; consequently, these assets are not available for future spending. These assets are also fully depreciated as of fiscal year 2023. The School will be looking to update available equipment on an as-needed basis. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the School does not have any outstanding debt obligations.

The School continues to provide the services that the School residents expect while maintaining the costs of providing those services. The most dramatic change was a decrease to the amount owed to the Mahoning County ESC which the School fully paid off during fiscal year 2023.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for fiscal years 2023 and 2022.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

(Table 2)
Changes in Net Position

	2023	2022	Change
<i>Operating Revenues</i>			
Foundation Revenues	\$864,820	\$667,841	\$196,979
Miscellaneous	2,294	2,580	(286)
<i>Total Operating Revenues</i>	<u>867,114</u>	<u>670,421</u>	<u>196,693</u>
<i>Operating Expenses</i>			
Purchased Services	501,378	488,367	(13,011)
Materials and Supplies	30,651	17,462	(13,189)
Other	42,188	19,960	(22,228)
<i>Total Operating Expenses</i>	<u>574,217</u>	<u>525,789</u>	<u>(48,428)</u>
<i>Operating Income (Loss)</i>	<u>292,897</u>	<u>144,632</u>	<u>148,265</u>
<i>Non-Operating Revenues (Expenses)</i>			
Grants and Subsidies	261,068	246,705	14,363
Investment Earnings/Interest	67	32	35
Contributions and Donations	33,724	33,724	0
<i>Total Non-Operating Revenues(Expenses)</i>	<u>294,859</u>	<u>280,461</u>	<u>14,398</u>
Change in Net Position	587,756	425,093	162,663
<i>Net Deficit Beginning of Year</i>	<u>(162,635)</u>	<u>(587,728)</u>	<u>425,093</u>
<i>Net Position (Deficit) End of Year</i>	<u>\$425,121</u>	<u>(\$162,635)</u>	<u>\$587,756</u>

As the preceding table illustrates, the School's primary source of revenue is State foundation revenue. State foundation revenue is based on Full Time Equivalent (FTE) students reported by the School.

The main component of expenses for the School is purchased services, which accounted for the vast majority of all expenses in the fiscal year. Purchased services expense consists primarily of Mahoning County Educational Service Center (ESC) employees who are contracted by the School to educate students and facility, equipment and classroom rental charges paid to the ESC.

Non-operating revenue consists of an in-kind donation from the ESC. The difference between the amount paid by the School for the rental of classroom space at the ESC facility and the standard market rate for the same space is reported as contribution and donation revenue and a like amount as purchased service expense. Grants and subsidies revenues are provided by the federal government. The School receives federal funding for the following programs: Improving Basic Programs, Supporting Effective Instruction, Student Support and Academic Enrichment, and Special Education. The School also received a grant specific to the COVID pandemic.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Capital Assets

During fiscal year 2023, the School's did not have any capital asset additions or deletions. Further, the School's capital assets became fully depreciated and had no residual book value remaining. The School will be looking to update available equipment on an as-needed basis. For more information about the School's capital assets, see Note 9 to the basic financial statements.

Current Issues

The Unlimited Classroom is an online community school committed to quality educational opportunities for students who benefit from a non-traditional learning experience.

We offer the highest quality remote instruction that allows students to work at their own pace. Opportunities for students as young as 6th grade to adults returning to earn their high school diplomas, our students are given the opportunity to graduate through multiple pathways or alternative routes.

Our Mission

Valley Virtual Remote Learning Academy, an online public community school, strives to foster nurturing partnerships among parents, students and staff, collaborating to create an educational environment that prepares students for success in the 21st century.

The School receives approximately over 99 percent of its operating revenues from the Ohio Department of Education in the form of State Foundation revenues. Thus, the School is heavily reliant on the State funding formula in its ability to continue to provide quality educational services to its students.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Ryan Jones at r.jones@esceasternohio.org, Treasurer, Mahoning County Educational Service Center, 7320 North Palmyra Road, Canfield, Ohio 44406.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Statement of Net Position
June 30, 2023

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$472,130
Intergovernmental Receivable	<u>200</u>

<i>Total Assets</i>	<u>472,330</u>
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Liabilities

Current Liabilities:

Accounts Payable	11,428
Intergovernmental Payable	<u>35,781</u>

<i>Total Liabilities</i>	<u>47,209</u>
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Net Position

Restricted for:

State Programs	9,037
Federal Programs	20
Unclaimed Monies	2,672
Unrestricted	<u>413,392</u>

<i>Total Net Position</i>	<u><u>\$425,121</u></u>
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See accompanying notes to the basic financial statements

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Statement of Revenues,
Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

<hr/> <hr/>	
Operating Revenues	
Foundation Revenues	\$864,820
Miscellaneous	2,294
	<hr/>
<i>Total Operating Revenues</i>	<i>867,114</i>
	<hr/>
Operating Expenses	
Purchased Services	501,378
Materials and Supplies	30,651
Other	42,188
	<hr/>
<i>Total Operating Expenses</i>	<i>574,217</i>
	<hr/>
<i>Operating Income (Loss)</i>	<i>292,897</i>
	<hr/>
Non-Operating Revenues (Expenses)	
Grants and Subsidies	261,068
Investment Earnings/Interest	67
Contributions and Donations	33,724
	<hr/>
<i>Total Non-Operating Revenues (Expenses)</i>	<i>294,859</i>
	<hr/>
<i>Change in Net Position</i>	<i>587,756</i>
	<hr/>
<i>Net Deficit Beginning of Year</i>	<i>(162,635)</i>
	<hr/>
<i>Net Position End of Year</i>	<i>\$425,121</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from State Foundation	\$854,077
Cash Received from Other	2,294
Cash Payments for Purchased Services	(746,257)
Cash Payments for Materials and Supplies	(32,951)
Cash Payments for Other	(39,894)
	<hr/>

<i>Net Cash Provided by (Used for) Operating Activities</i>	37,269
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Cash Flows from Noncapital Financing Activities

Cash Received from Grants and Subsidies	264,280
---	---------

Cash Flows from Investing Activities

Investment Earnings/Interest	67
	<hr/>

<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	301,616
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<i>Cash and Cash Equivalents Beginning of Year</i>	170,514
	<hr/>

<i>Cash and Cash Equivalents End of Year</i>	\$472,130
	<hr/> <hr/>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) by Operating Activities

Operating Income (Loss)	\$292,897
In-Kind Contributions	33,724
Increase/(Decrease) in Liabilities:	
Accounts Payable	(21,518)
Intergovernmental Payable	(267,834)
	<hr/>

<i>Total Adjustments</i>	(289,352)
	<hr/>

<i>Net Cash Provided by (Used for) Operating Activities</i>	\$37,269
	<hr/> <hr/>

Noncash Transactions:

During fiscal year 2023, the School received in-kind contributions related to rent in the amount of \$33,724.

See accompanying notes to the basic financial statements

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 - Description of the School and Reporting Entity

The Unlimited Classroom (the “School”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School’s objective is to focus on providing students with curriculum and instruction via distance learning technology. The School is a public school that provides an alternative to the traditional educational setting. The School, which is part of the State’s education program, is nonsectarian in its programs, admissions policies, employment practices and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School is a legally separate, start-up community school, served by a Board of Directors. The five-person Board of Directors, appointed by the Mahoning County Educational Service Center (ESC), consists of one person employed in an administrator position with the Mahoning County Career and Technical Center (MCCTC), three persons who are neither officers nor employees of the Mahoning County ESC or MCCTC who shall be a public educator or other public office, and one person who is appointed to represent the interests of the parents and students of the School.

Jefferson County ESC became the sponsor of the School on July 31, 2017 and its sponsorship ended on December 15, 2019. The Ohio Department of Education, Office of School Sponsorship became the sponsor of the School on December 14, 2019.

The Area Cooperative Computerized Educational Service System (ACCESS), under a purchased services basis with the School, provides internet, e-mail and other services to the School (See Note 5). Personnel providing services to the School on behalf of the Mahoning County ESC are considered employees of the ESC and the ESC shall be solely responsible for all payroll functions. The School provides services to approximately 106 students.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School consists of all funds, departments and agencies that are not legally separate from the School. For the School, this includes instructional activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization’s Governing Board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization’s resources; or (3) the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading.

Based upon the application of these criteria, the School has no component units. The basic financial statements of the reporting entity include only those of the School (the primary government).

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a "flow of economic resources" measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted and all eligibility requirements have been met; eligibility requirements include matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time they are incurred.

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires the School to submit a financial plan detailing an estimated school budget for each fiscal year of the contract, or five years, whichever is less. Annual budget needs prepared and submitted to the Sponsor by December for approval.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does not require the School to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

Cash and Cash Equivalents

Cash received by the School is reflected as “cash and cash equivalents” on the statement of net position. The School had no investments during the fiscal year ended June 30, 2023.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes represents amounts restricted by local donations and contributions for student activities. Net position restricted for state and federal programs represents amounts restricted by the state and federal government, respectively.

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

Intergovernmental Revenue

The School currently participates in the State Foundation Basic Aid, Public School Connectivity, Special Education grant, Improving Basic Programs grant, Supporting Effective Instruction grant and Student Support and Academic Enrichment grant. The foundation funding is recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year. Federal and State grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Intergovernmental revenues associated with the Foundation Program Basic Aid totaled \$864,820 and those associated with Federal and State grants totaled \$261,068 during fiscal year 2023.

The amount of State Foundation grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which State foundation funding is calculated.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the financial statements. The School had no long-term obligations at June 30, 2023.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Estimates

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

Operating Revenues and Expenses

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

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of one thousand dollars. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	10 years

Note 3 - Deposits and Investments

Monies held by the School are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School treasury. Active monies must be maintained either as cash in the School treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Protection of the School's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the School can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 4 – Purchased Services

For fiscal year ended June 30, 2023, purchased services expenses were as follows:

Professional and technical services	\$399,184
Property services	36,349
Travel mileage/meeting expense	290
Communications	10,159
Tuition	55,396
	<hr/>
Total	<u>\$501,378</u>

Note 5 - Service Agreements

Area Cooperative Computerized Educational Service System (ACCESS)

The School entered into a one-year agreement commencing on July 1, 2022 and ending June 30, 2023, with ACCESS for internet access, electronic mail, Ohio Uniform School Accounting System (USAS), the Uniform Staff Payroll System (USPS), Educational Management Information System (EMIS), Student Information System (SIS/POISE) to include student grade reporting, attendance and scheduling and INFOhio Automated library services. Separate and apart from this agreement, the School agrees to obtain at its own expense, the additional computer and electronic equipment necessary for receipt of these services at the School's facilities. The School paid ACCESS \$9,882 for services during fiscal year 2023.

Mahoning County ESC

The School has a service contract with Mahoning County ESC. This contract outlines the services that are provided to the School, which include fiscal, payroll, administrative, and teaching services. The School's payments to the Mahoning County ESC for the period July 1, 2022 through June 30, 2023 were as follows:

Professional and technical services	\$409,198
Property services	2,625
Travel mileage/meeting expense	290
Communications	640
Supplies	10,162
	<hr/>
Total	<u>\$422,915</u>

Note 6 - Contingencies

Grants

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2023, if applicable, cannot be determined at this time.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

School Foundation

In fiscal year 2023, School foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2023 are finalized and management believes there are no additional receivables to, or a liabilities of, the School.

Under Ohio Rev. Code Section 3314.08, ODE may also perform an FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did perform such a review on the School for fiscal year 2023 and found no additional issues.

Litigation

The School is not a party to any legal proceedings.

Note 7 – In-Kind Contribution

On June 16, 2022, The Unlimited Classroom (the “Lessee”) entered into a room space lease agreement (the “Master Lease Agreement”) with the Mahoning County Educational Service Center (the “Lessor”) to provide 2 offices and a computer lab for use by the School. The terms of the Master Lease Agreement commenced August 1, 2022 and terminate July 31, 2023. The Lessee shall pay the Lessor one dollar per year in rent in accordance with the Master Lease Agreement. The School has reported an in-kind contribution in the amount of \$33,724 equal to the difference between the actual rent payments made and the standard market rate rent of the leased space.

Note 8 – Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2023, professional liability and commercial liability is provided through the Mahoning County Educational Service Center’s Selective Insurance Company’s insurance plan which has a \$1,000,000 limit for employer’s liability, a \$1,000,000 limit for flood and earthquake, a commercial general liability of \$3,000,000 annual aggregate/\$1,000,000 single occurrence limit and \$1,000 deductible.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance 06/30/22	Additions	Deductions	Balance 06/30/23
<i>Capital Assets being Depreciated:</i>				
Furniture, Fixtures and Equipment	\$341,125	\$0	\$0	\$341,125
<i>Less Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(341,125)	0	0	(341,125)
<i>Capital Assets, Net</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School received COVID-19 funding. The School will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 11 – Change in Accounting Principle

For fiscal year 2023, the School implemented Governmental Accounting Standards Board (GASB) No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School did not have any long-term contracts that met the GASB 96 definition of a SBITA.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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Required Supplementary Information

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
School's Proportion of the Net Pension Liability	0.000000000%	0.000000000%	0.000000000%	0.000000000%
School's Proportionate Share of the Net Pension Liability	\$0	\$0	\$0	\$0
School's Covered Payroll	\$0	\$0	\$0	\$0
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

(1) Information prior to 2014 is not available.

*Amounts presented for each fiscal year were determined as of the School's measurement date which is the prior fiscal year end.

Note - The School began exclusively utilizing Mahoning County ESC employees for teachers starting in 2015.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.000000000%	0.000000000%	0.000000000%	0.00000058%	0.00012371%	0.00012371%
\$0	\$0	\$0	\$160	\$30,091	\$35,844
\$0	\$0	\$0	\$0	\$12,646	\$83,892
0.00%	0.00%	0.00%	0.00%	237.95%	42.73%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Required Supplementary Information
Schedule of the School's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School Covered Payroll (1)	\$0	\$0	\$0	\$0
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School's covered payroll is the same for Pension and OPEB.

Note - The School began exclusively utilizing Mahoning County ESC employees for teachers starting in 2015.

See accompanying notes to the required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$0	\$0	\$0	\$0	\$0	\$1,644
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,644)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$0	\$0	\$0	\$0	\$0	\$12,646
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>

The Unlimited Classroom
dba Valley Virtual Remote Learning Academy
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net Pension Liability

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 below:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	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

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 Disable 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 RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. 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 set-back 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.

Changes in Benefit Term – STRS Pension

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.

**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**

The Unlimited Classroom
Mahoning County
7320 North Palmyra Road
Canfield, Ohio 44406

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Unlimited Classroom, Mahoning County, Ohio (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated May 2, 2025.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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.

The Unlimited Classroom

Mahoning County

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*

Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.

May 2, 2025

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OHIO AUDITOR OF STATE KEITH FABER



THE UNLIMITED CLASSROOM

MAHONING 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 7/10/2025

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