COLUMBUS PREPARATORY ACADEMY
FRANKLIN COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Directors
Columbus Preparatory Academy
3330 Chippewa Street
Columbus, Ohio 43204

We have reviewed the *Independent Auditor's Report* of the Columbus Preparatory Academy, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. 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 Columbus Preparatory Academy is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 26, 2022

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COLUMBUS PREPARATORY ACADEMY
FRANKLIN COUNTY, OHIO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Columbus Preparatory Academy
Franklin County, Ohio
3330 Chippewa Street
Columbus, Ohio 43204

Report on the Financial Statements

We have audited the accompanying financial statements of the Columbus Preparatory Academy, Franklin County, Ohio, (the "Academy") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Columbus Preparatory Academy, Franklin County, Ohio, as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The accompanying financial statements have been prepared assuming the Academy will continue as a going concern. As disclosed in Note 16 to the financial statements, the Academy has suffered recurring losses from operations and has a net position deficit of that raises substantial doubt about its ability to continue as a going concern. Note 16 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements. The *Schedule of Expenditures of Federal Awards*, as *required* by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *Schedule of Expenditures of Federal Awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Cambridge, Ohio
December 28, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021 (UNAUDITED)

The discussion and analysis of the Columbus Preparatory Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2021. Readers should also review the basic financial statements and notes to enhance their understanding of the Academy's financial performance.

HIGHLIGHTS

The Academy finished its sixteenth year of operation during fiscal year 2021 serving grades kindergarten through eighth grade. Enrollment varied during the year but finished with 824 full time equivalent students, an increase of 13 students from fiscal year end 2020.

Key highlights for fiscal year 2021 are as follows:

- Net position increased $118,882.
- Total revenue increased from $6,649,465 in fiscal year 2020 to $7,055,237 in fiscal year 2021.
- Total operating expenses (excluding non-operating expenses) decreased from $6,298,074 in fiscal year 2020 to $6,155,614 in fiscal year 2021.
- During the year, the Academy entered into a note payable to ACCEL Schools for $2,000,000, converting outstanding accounts payable and a settlement obligation into a long-term debt structure.

OVERVIEW OF FINANCIAL STATEMENTS

The financial report consists of three parts: required supplemental information, the basic financial statements and the notes to the financial statements. These statements are organized so the reader can understand the financial position of the Academy. Enterprise accounting uses a flow of economic resource measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The statement of net position represents the statement of position of the Academy. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g. expenses) in net position. The statement of cash flows reflects how the Academy finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided on the basic financial statements.

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

The Academy is not required to present government-wide financial statements as the Academy is engaged in only business-type activities. Therefore, no condensed financial information derived from the governmental-wide financial statements is included in the discussion and analysis.

Table 1 provides a summary of Academy's net position for 2021 compared to 2020:

	2021	2020
Assets:		
Current assets:		
Cash and Cash Equivalents	$1,554,729	$868,039
Accounts Receivable	5,831	-
Intergovernmental Receivable	542,768	28,648
State Aid Receivable	12,629	-
Other Assets	186,712	139,502
Total currents assets	2,302,669	1,036,189
Noncurrent assets:		
Net OPEB Asset	389,936	357,453
Total Capital Assets, net of Accumulated Depreciation	703,388	214,526
Total noncurrent assets	1,093,324	571,979
Total assets	3,395,993	1,608,168
Deferred Outflows of Resources	1,289,957	1,627,868
Liabilities:		
Current liabilities:		
Accounts Payable, Trade	568,570	74,843
Accounts Payable, Related Party	28,806	1,340,397
Wages and Benefits Payable	160,225	-
Accrued Expenses	38,371	69,376
Withholdings Payable	50,519	-
Current Portion of Long-Term Debt	1,168,630	629,429
Total current liabilities	2,015,121	2,114,045
Noncurrent liabilities:		
Net Pension Liability	5,783,857	5,171,653
Net OPEB Liability	143,157	162,588
Noncurrent Portion of Long-term Debt	2,575,182	1,408,047
Total noncurrent liabilities	8,502,196	6,742,288
Total liabilities	10,517,317	8,856,333
Deferred Inflows of Resources	1,010,087	1,340,039
Net Position:		
Net Investment in Capital Assets	279,388	214,526
Unrestricted Net Position	(7,120,842)	(7,174,862)
Total Net Position	$ (6,841,454)	$ (6,960,336)

The Academy has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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

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

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

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

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

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

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

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

During the fiscal year the Academy entered into a settlement agreement with ACCEL schools to restructure debt related to certain outstanding accounts payable and settlement expenses, which resulted in a significant increase to non-current liabilities and a decrease to related party accounts payable. Trade accounts payable increased significantly due to the timing of payments for the Academy's construction project. Assets increased significantly during the fiscal year, primarily from increases to cash and cash equivalents, intergovernmental receivables and capital assets. Cash increased as a result of the Academy obtaining a PPP loan in addition to significant decreases in cash basis employee services and benefits and professional services expense. The decrease in these expenses is discussed on the next page. Intergovernmental receivables increased significantly due to timing lag of expenses incurred but revenue not yet received, relating to federal grants for CARES Act funding.

Statement of Revenues, Expenses and Changes in Net Position - Table 2 shows the changes in Net Position for fiscal year 2021 and 2020, as well as a listing of revenues and expenses. This change in Net Position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors. Overall, the increase in operating revenues was a result of the increase in FTEs for the fiscal year. Non-operating revenues increased due to the availability and use of the federal grants that were due to the COVID-19 pandemic. Purchased services expenses decreased due to the change in management companies at the start of the fiscal year. As a result of this change the Academy elected to employee the staff directly instead of as a purchased service as it was in the previous fiscal year.

Table 2 reflects the changes in net position for fiscal year 2021 as compared to 2020:

Table 2
Change in Net Position

	2021	2020
Operating Revenues:		
State Aid	$ 6,052,494	$ 5,759,611
Miscellaneous	15,514	185,653
Total Operating Revenues	6,068,008	5,945,264
Operating Expenses:		
Salaries	2,695,812	-
Fringe Benefits	737,558	-
Fringe Benefits - GASB 68/75	568,249	-
Purchased Services	1,806,015	6,031,940
Depreciation	108,832	83,391
Supplies	163,434	111,381
Other Operating Expense	75,714	71,362
Total Operating Expenses	6,155,614	6,298,074
Operating Income (Loss)	(87,606)	(352,810)
Non-Operating Revenues and (Expenses):		
Federal and State Restricted Grants	974,721	704,201
Gain on Investments	12,000	-
Interest Income	508	-
Settlement Expense	(650,363)	-
Interest Expense	(130,378)	(120,416)
Net Nonoperating Revenues and (Expenses)	206,488	583,785
Change in Net Position	$ 118,882	$ 230,975

CAPITAL ASSETS

At the end of fiscal year 2021, the Academy had $703,388 invested in capital assets (net of accumulated depreciation) for computers, furniture and equipment, construction in progress and leasehold improvements. The following table shows fiscal year 2021 compared to 2020:

Capital Assets at June 30 (Net of Depreciation)

	2021	2020	Change
Computers & Software	$51,311	$7,140	$44,171
Furniture & Equipment	21,862	24,847	(2,985)
Construction in Progress	477,632	-	477,632
Leasehold Improvements	152,583	182,539	(29,956)
Total Capital Assets - Net	$703,388	$214,526	$488,861

During the fiscal year the Academy began construction on remodeling the third floor. For further information regarding the Academy's capital assets, refer to Note 5 of the basic financial statements.

DEBT

At June 30, 2021, the Academy had $967,447 in long-term notes outstanding with Tatonka Capital, of which $310,259 is due within one year. Additionally, the Academy previously entered into a note with ACCEL Schools to restructure outstanding accounts payable with at yearend balance of $546,365 of which $208,371 is due within one year. In addition, during fiscal year 2021 the Academy entered into a new note with ACCEL for $2,000,000 in regards to converting accounts payable and a settlement obligation into a long term note. The balance of this note at yearend was $1,740,000 of which $160,000 is due within one year. The Academy also received a PPP loan during the fiscal year for $490,000 which was subsequently fully forgiven in fiscal year 2022. For further information regarding the Academy's debt, refer to Note 6 to the basic financial statements.

CURRENT FINANCIAL ISSUES

The Academy is a community School and is funded through the State of Ohio Foundation Program. The Academy relies on this, as well as, State and Federal funds as its primary source of revenue. In 2021, the State increased per pupil funding to $5,980, which is up from $5,931 in the previous year. Additionally, community schools in Ohio will be allocated a small amount of facilities funding which is also per pupil based. This amount received in fiscal year 2021 was approximately $250 per pupil.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any question concerning this report, please contact the Academy's Fiscal Officer, Melissa C. Miavez of Tatonka Education Services, 3330 Chippewa Street, Columbus, Ohio 43204.

COLUMBUS PREPARATORY ACADEMY - FRANKLIN COUNTY, OHIO

Statement of Net Position
June 30, 2021

Assets:	
Current Assets:	
Cash and Cash Equivalents	$ 1,554,729
Accounts Receivable	5,831
Intergovernmental Receivable	542,768
State Aid Receivable	12,629
Other Assets	186,712
Total Current Assets	2,302,669
Noncurrent Assets:	
Net OPEB Asset	389,936
Nondepreciable Capital Assets	477,632
Depreciable Capital Assets, net of Accumulated Depreciation	225,756
Total Noncurrent Assets	1,093,324
Total Assets	3,395,993
Deferred Outflows of Resources:	
Pension	1,165,413
OPEB	124,544
Total Deferred Outflows of Resources	1,289,957
Liabilities:	
Current Liabilities:	
Accounts Payable, Trade	568,570
Accounts Payable, Related Party	28,806
Accrued Wages and Benefits	160,225
Accrued Expenses	38,371
Withholdings Payable	50,519
Current Portion of Long Term Debt	1,168,630
Total Current Liabilities	2,015,121
Noncurrent Liabilities:	
Non-Current Long Term Debt	2,575,182
Net Pension Liability	5,783,857
Net OPEB Liability	143,157
Total Noncurrent Liabilities	8,502,196
Total Liabilities	10,517,317
Deferred Inflows of Resources:	
Pension	382,265
OPEB	627,822
Total Deferred Inflows of Resources	1,010,087
Net Position:	
Net Investment in Capital Assets	279,388
Unrestricted Net Position	(7,120,842)
Total Net Position	$ (6,841,454)

COLUMBUS PREPARATORY ACADEMY - FRANKLIN COUNTY, OHIO

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

Operating Revenues:	
State Aid	$ 6,052,494
Miscellaneous	15,514
Total Operating Revenues	6,068,008
Operating Expenses:	
Salaries	2,695,812
Fringe Benefits	737,558
Fringe Benefits - GASB 68/75	568,249
Purchased Services	1,806,015
Depreciation	108,832
Supplies	163,434
Other Operating Expenses	75,714
Total Operating Expenses	6,155,614
Operating Loss	(87,606)
Non-Operating Revenues and (Expenses):	
Federal and State Restricted Grants	974,721
Interest Income	508
Gain on Investments	12,000
Interest Expense	(130,378)
Settlement Expense	(650,363)
Net Non-operating Revenues and (Expenses)	206,488
Change in Net Position	118,882
Net Position Beginning of Year	(6,960,336)
Net Position End of Year	$ (6,841,454)

COLUMBUS PREPARATORY ACADEMY - FRANKLIN COUNTY, OHIO

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
State Aid Receipts	$ 6,039,865
Other Operating Receipts	15,514
Cash Payments to Suppliers for Goods and Services	(1,983,711)
Cash Payments to Employees for Services	(2,535,587)
Cash Payments for Employee Benefits	(723,876)
Net Cash Provided By Operating Activities	812,205
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grant Receipts	459,712
Contributions and Donations	12,000
Interest Income	508
Proceeds from Loan	490,000
Net Cash Provided By Noncapital Financing Activities	962,220
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Note Payable Interest Payments	(130,378)
Purchase of Assets	(173,693)
Note Payable Principal Payments	(783,664)
Net Cash Used For Capital and Related Financing Activities	(1,087,735)
Net Increase in Cash and Cash Equivalents	686,690
Cash and Cash Equivalents - Beginning of the Year	868,039
Cash and Cash Equivalents - Ending of the Year	$ 1,554,729

(Continued)

COLUMBUS PREPARATORY ACADEMY - FRANKLIN COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(Continued)

Reconciliation of Operating Loss to Net Cash Used For Operating Activities		
Operating Loss	$	(87,606)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities		
Depreciation		108,832
Changes in Assets, Liabilities, and Deferred Inflows and Outflows of Resources:		
(Increase)/ Decrease in Receivables		(18,460)
(Increase)/ Decrease in Deferred Outflows		337,911
Increase/ (Decrease) in Accrued Wages and Benefits		160,225
Increase/ (Decrease) in Deferred Inflows		(329,952)
Increase/ (Decrease) in Net Pension Liability		612,204
(Increase)/Decrease in Other Assets		(47,211)
Increase/(Decrease) in Accounts Payable		69,224
Increase/(Decrease) in Due to Related Party		39,438
Increase/(Decrease) in Accrued Expenses		(31,005)
Increase/(Decrease) in Withholdngs Payable		50,519
(Increase)/Decrease in Net OPEB Asset		(32,483)
Increase/(Decrease) in Net OPEB Liability		(19,431)
Net Cash Provided By Operating Activities	$	812,205

*Non-cash transaction: During the fiscal year the Academy entered into a settlement agreement with ACCEL Schools converting outstanding accounts payable and recognizing a settlement agreement of $650,363. In addition, the Academy purchased $424,000 of capital assets on account.

NOTE 1 – DESCRIPTION OF ACADEMY

The Columbus Preparatory Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapter 3314. The Academy offers education for Ohio children in grades K-8. The Academy is independent of any Academy and is nonsectarian in its programs, admission policies, employment practices, and all other operation. The Academy may lease or acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Ohio Council of Community Schools (the Sponsor) for a period of four academic years commencing after July 1, 2004 and ending June 30, 2008 and subsequently renewed for a ten-year term set to expire on June 30, 2018. Effective July 1, 2018, the contract was renewed for an additional 10 years. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

Ohio Revised Code Section 3314.02(E) states in part that the Academy operate under the direction of a Governing Board that consists of not less than five individuals who are not owners or employees, or immediate relatives or owners or employees of any for-profit firm that operates or manages an Academy for the Governing Board. The Board is responsible for carrying out the provisions of the contract that include, but are not limited to, state-mandated provision regarding student population, curriculum, academic goals, performance standards, admission standards, and qualification of teachers.

The Academy contracts with Tatonka Education Services for management services including management of personnel and human resources, the program of instruction, marketing data management, purchasing, strategic planning, public relation, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The financial statements of the Academy 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 Academy's accounting policies are described below.

Basis of Presentation - The Academy'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. The Academy uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

Measurement Focus - The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets, liabilities, deferred inflows/ outflows of resources associated with the operation of the Academy are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in net position. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

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

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

Cash and Cash Equivalents - Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net position. The Academy had no investments during the fiscal year ended June 30, 2021.

Prepaid Items - The Academy records payments made to vendors for services that will benefit periods beyond June 30, 2021, as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed. No prepaid items were recorded in fiscal year 2021.

Capital Assets - The Academy's capital assets during fiscal year 2021 consisted of computers and software, furniture, leasehold improvements, construction in progress, and other equipment. All capital assets are capitalized at cost and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The Academy maintains a capitalization threshold of five thousand dollars. The Academy does not have any infrastructure. 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 capitalized.

All capital assets, except for construction in progress 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	Useful Lives
Computers & Software	5-20 years
Furniture & Equipment	5-20 years
Leasehold Improvements	Remaining term of lease

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The board has not adopted any enabling legislation restricted any resources.

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

Deferred Inflows and Deferred Outflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Note 9 and 10)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

The Academy maintains its cash balances at Huntington Bank in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, per qualifying account. At June 30, 2021, the book amount of the Academy's deposits was $1,554,729 and the bank balance was $1,565,481. $500,000 of the bank balance was covered by Federal Depository Insurance, while $1,065,481 was uninsured and exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. All bank deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral as permitted by the Ohio Revised Code is held in single financial collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits or as specific collateral held at the Federal Reserve Bank in the name of the Academy.

NOTE 4 – RECEIVABLES

At June 30, 2021, the Academy had accounts receivable, intergovernmental receivables, and State Aid receivables that totaled $561,228. These receivables represent monies due from State Aid, Federal programs, and refunds from vendors which was not received as of year-end. All receivables are expected to be collected within one year.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 06/30/20	Additions	Deletions	Balance 06/30/21
Capital Assets:				
Construction in Progress - Non-Depreciable	$ -	$ 477,632	$ -	$ 477,632
Leasehold Improvements	587,173	28,560	-	615,733
Furniture & Equipment	127,299	19,473	-	146,772
Computers & Software	284,875	72,029	-	356,904
Total Capital Assets	999,347	120,062	-	1,119,409
Less Accumulated Depreciation:				
Leasehold Improvements	(404,634)	(58,516)	-	(463,150)
Furniture & Equipment	(102,452)	(22,458)	-	(124,910)
Computers & Software	(277,735)	(27,858)	-	(305,593)
Total Accumulated Depreciation	(784,821)	(108,832)	-	(893,653)
Total Capital Assets, Net	$ 214,526	$ 488,862	$ -	$ 703,388

NOTE 6 – LONG-TERM OBLIGATIONS

Changes in the Academy's long-term obligations during fiscal year 2021 were as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
Net Pension/OPEB Liabilities:					
Net Pension Liability	$ 5,171,653	$ 612,204	$ -	$ 5,783,857	$ -
Net OPEB Liability	162,588	-	(19,431)	143,157	-
Total Net Pension/OPEB Liabilities	5,334,241	612,204	(19,431)	5,927,014	-
Direct Borrowing:					
ACCEL - Notes Payable	789,515		(243,150)	546,365	208,371
ACCEL - Notes Payable	-	2,000,000	(260,000)	1,740,000	160,000
PPP Loan	-	490,000	-	490,000	490,000
Tatonka - Notes Payable	1,247,961	-	(280,514)	967,447	310,259
Total	$ 7,371,717	$ 3,102,204	$ (803,095)	$ 9,670,826	$ 1,168,630

Tatonka Capital - Notes Payable

In January 2015, the Academy restructured its existing debt through an agreement with Tatonka Capital. The note of $3,687,628 and 7% interest requires monthly payments of $42,817 and will mature on December 15, 2024. During the fiscal year this note was restructured to lower the monthly payment to $29,566 and the interest rate decreased to 5.357% while the Academy is contracted with Tatonka Education Services for their management support. The note will name mature on June 15, 2024. Principal payments and discounts during the year totaled $280,514 and interest payments totaled $65,827.

Prepayments are allowed on the note. In the event of default, all principal and accrued interest shall become immediately payable. Default is defined as late payments, failure to perform obligations under the terms of the note, voluntary insolvency proceedings, involuntary insolvency proceedings, misrepresentation of documents, material adverse change in financial condition, reorganization of the borrower without consent from lender, and transfer of any material properties or assets without consent from lender.

The following is a schedule of the future minimum payments required under the Tatonka promissory notes as of June 30, 2021:

Fiscal Year	Principal	Interest
2022	$ 310,259	$ 44,534
2023	327,146	27,646
2024	330,042	9,443
Total minimum payments	$ 967,447	$ 155,730

Accel Schools – Notes Payable

In January 2020, the Academy restructured its outstanding accounts payable with Accel Schools into a note totaling $904,470. The note was structured for 5.5% interest as long as the Academy continued to renew the management contract with Accel, however effective June 30, 2021, the Academy switched operators to Tatonka Education Services, in which the interest will be accrued at 8% requiring quarterly payments starting March 2020 equal to $62,500. Principal payments during the year totaled $243,150 and interest payments totaled $69,351.

Prepayments are allowed on the note. In the event of default, all principal and accrued interest shall become immediately due and payable at the lenders option. In addition, interest rate can be increased 5 percentage points higher than the current rate of 8% after the termination of the management agreement. Default is defined as late payments, failure to perform obligations under the terms of the note, voluntary insolvency proceedings, involuntary insolvency proceedings, misrepresentation of documents, material adverse change in financial condition, reorganization of the borrower without consent from lender, and the borrower is no longer in operation.

The following is a schedule of the future minimum payments required under the ACCEL note as of June 30, 2021:

Fiscal Year	Principal	Interest
2022	$ 208,371	$ 37,473
2023	230,046	19,954
2024	107,948	2,964
Total minimum payments	$ 546,365	$ 60,390

Accel Schools – Notes (settlement) Payable

In December 2020, the Academy restructured its outstanding accounts payable and entered into a settlement payable with Accel Schools in a note totaling $2,000,000. The note required $260,000 due at signing and will require annual payments starting October 2021 equal to $160,000 through fiscal year 2023 and then effective October 2023 payments will increase to $250,000 annually until the note is paid in full. Principal payments during the year totaled $260,000.

Prepayments are allowed on the note. In the event of default, Accel Schools (former management company) holds a security interest in all accounts of the Academy. Default is defined as late payments, failure to perform obligations under the terms of the note, voluntary insolvency proceedings, involuntary insolvency proceedings, misrepresentation of documents, material adverse change in financial condition, reorganization of the borrower without consent from lender, and the borrower is no longer in operation.

The following is a schedule of the future minimum payments required under the ACCEL note as of June 30, 2021:

Fiscal Year	Principal
2022	$ 160,000
2023	160,000
2024	250,000
2025	250,000
2026	250,000
2027-2029	670,000
Total payments	$ 1,740,000

Paycheck Protection Program Loan

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) was passed on March 27, 2020 in response to COVID-19. The Paycheck Protection Program (PPP) was formed as part of the CARES Act. The PPP allows certain entities to apply for aid through forgivable loans. The Academy entered into a note payable agreement with a bank under PPP. The unsecured note has a principal amount of $490,000. This loan was fully forgiven by Small Business Administration (SBA) in September 2021, see Note 18 for further information.

NOTE 7 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the Academy contracted with Pashley Insurance Agency to obtain insurance coverage with the Hartford Casualty Insurance Company.

General Liability:	
Each Occurrence	$ 1,000,000
Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person/Occurrence	15,000
Damage to Rented Premises - Each Occurrence	500,000
Personal and Advertising Injury	1,000,000
Automobile Liability:	
Bodily Injury Limit	1,000,000
Excess/Umbrella Liability:	
Each Occurrence	8,000,000
Aggregate Limit	8,000,000
Excess/Umbrella Liability:	
Building & BPP	8,896,500

Settled claims have not exceeded this commercial coverage in any prior three years and there have been no significant reductions in insurance coverage from the prior year.

NOTE 8 – PURCHASED SERVICES

For the period July 1, 2020 through June 30, 2021, purchased service expenses were as follows:

Purchased Services	Amount
Professional Services	$ 634,042
Property Services	915,424
Utilities	118,893
Travel and Meetings	906
Communications	45,127
Contractual Trade Services	91,623
	$ 1,806,015

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The Academy's contractually required contribution to SERS was $29,797 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was $325,144 for fiscal year 2021.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00628150%	0.02218667%	
Prior Measurement Date	0.00666670%	0.02158220%	
Change in Proportionate Share	-0.00038520%	0.00060447%	
Proportionate Share of the Net Pension Liability	$ 415,472	$ 5,368,385	$ 5,783,857
Pension Expense	$ 42,384	$ 889,664	$ 932,048

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

At June 30, 2021 the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 807	$ 12,046	$ 12,853
Net Difference between Projected and Actual Earnings on Pension Plan Investments	26,374	261,064	287,438
Changes of Assumptions	-	288,177	288,177
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	2,925	219,079	222,004
School Contributions Subsequent to the Measurement Date	29,797	325,144	354,941
Total Deferred Outflows of Resources	$ 59,903	$ 1,105,510	$ 1,165,413
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ -	$ 34,326	$ 34,326
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	14,013	333,926	347,939
Total Deferred Inflows of Resources	$ 14,013	$ 368,252	$ 382,265

$354,941 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (5,918)	$ 179,111	$ 173,193
2023	2,759	(35,929)	(33,170)
2024	10,993	126,347	137,340
2025	8,259	142,585	150,844
	$ 16,093	$ 412,114	$ 428,207

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

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

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

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

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 569,145	$ 415,472	$ 286,536

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

Inflation	2.50 percent
Acturial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the Academy's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 7,643,645	$ 5,368,385	$ 3,440,291

NOTE 10 - DEFINED BENEFIT OPEB PLANS

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Academy's surcharge obligation was $0.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.00658700%	0.02218700%	
Prior Measurement Date	0.00646500%	0.02158200%	
Change in Proportionate Share	0.00012200%	0.00060500%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 143,157	$ (389,936)	
OPEB Expense	$ 2,350	$ (11,208)	$ (8,858)

At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 1,881	$ 24,987	$ 26,868
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,614	13,666	15,280
Changes of Assumptions	24,403	6,437	30,840
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	2,444	49,112	51,556
Total Deferred Outflows of Resources	$ 30,342	$ 94,202	$ 124,544
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 72,805	$ 77,669	$ 150,474
Changes of Assumptions	3,607	370,374	373,981
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	19,669	83,698	103,367
Total Deferred Inflows of Resources	$ 96,081	$ 531,741	$ 627,822

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (14,965)	$ (104,402)	$ (119,367)
2023	(14,849)	(95,151)	(110,000)
2024	(14,870)	(91,907)	(106,777)
2025	(11,620)	(105,991)	(117,611)
2026	(7,062)	(21,388)	(28,450)
Thereafter	(2,373)	(18,700)	(21,073)
	$ (65,739)	$ (437,539)	$ (503,278)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 175,221	$ 143,157	$ 117,667

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 112,725	$ 143,157	$ 183,852

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (339,270)	$ (389,936)	$ (432,925)
	1% Decrease	**Current Trend Rate**	**1% Increase**
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (430,256)	$ (389,936)	$ (340,820)

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

NOTE 11 - CONTINGENCIES

Grants - The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2021.

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

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a 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 performed such a review on the Academy for fiscal year 2021.

As of the date of this report, all ODE adjustments have been completed.

In addition, the Academy's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2021 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

NOTE 12 – BUILDING LEASES

The Academy has entered into a lease for the period of ten years with Spirit Capital, LLC, Inc. for the use of the main building and grounds as a school facility effective July 30, 2014. The lease is renewable for two five-year extensions. Rent costs incurred totaled $806,000 for the fiscal year. Under the lease agreement, the Academy is responsible for paying all utilities, maintenance and repairs, and applicable property taxes.

There are scheduled inflationary rent adjustments (lesser of 5% or CPI factor) effective January 1 once every two years. The lease also stipulates that renovation investments in the building by the owner will cause the rent to increase by an annual factor of 9.25% - 10% of the investment. During fiscal 2021, the owner invested no funds into the property.

The following is a schedule of the future minimum payments for base rent required under the lease as of June 30, 2021 (does not include additional building investments by the owner / landlord or facility costs pass-through):

Fiscal Year Ending June 30	Amount
2022	$ 806,000
2023	806,000
2024	806,000
	$ 2,418,000

During the course of the year, building ownership changed and payments started being sent to SVCN, LLC c/o The RMR Group, instead of Spirit Realty.

NOTE 13 - SPONSOR

The Academy was approved for operation under a contract with the Ohio Council of Community Schools (the Sponsor). As part of this contract, the Sponsor is entitled to a maximum of 2% of foundation revenues. Effective July 1, 2018 the contract was renewed for an additional 10 years. Total amount due and paid for fiscal year 2021 was $113,577.

NOTE 14 – MANAGEMENT COMPANY

The Academy entered into an agreement with Tatonka Education Services, a management company, to provide legal, financial, and other management support services for fiscal year 2021. The agreement was for a period of five years beginning July 1, 2015. Management fees are calculated as a flat monthly fee of $27,500. The total amount due from the Academy for the fiscal year ending June 30, 2021 was $330,000 and is included under "Purchased Services" on the Statement of Revenues, Expenses and Changes in Net Position.

The Academy also contracts with the management company Tatonka Education Services to provide their fiscal officer services. The contract for the fiscal year started on December 15, 2020 through June 30, 2021 for a monthly fee of $3,000. The total amount due from the Academy for the fiscal year ending June 30, 2021 was $21,000 and is included under "Purchased Services" on the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 15 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* GASB Statement No. 90*, Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61,* and certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates.*

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Academy.

GASB Statement No. 90 improves consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Academy.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the Academy.

NOTE 16 - MANAGEMENT PLAN

For fiscal year 2021, the Academy had a net position deficit of $(6,841,454) including the impact of net pension/OPEB assets/liabilities and related accruals. The Academy's net deficit in fiscal year 2021 improved from the $(6,960,336) net deficit in fiscal 2020. Enrollment increased in fiscal year 2021 to 824, up from 811 in fiscal year 2020. The Academy's ability to maintain a stable administrative and instructional team along with active advertising via print, radio, mailings and through referrals of current parents is anticipated to help produce the likelihood of future enrollment growth leading to surpluses and provide an opportunity for the academy to recover from its prior deficits.

NOTE 17 – 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 of 2021 while the national state of emergency continues. During fiscal year 2021, the Academy received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidation Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 18 – SUBSEQUENT EVENTS

For fiscal year 2022, community school foundation funding received from the state of Ohio will be funded using a direct funding model. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to the school district who, in turn, made the payment to the respective community school. This new funding system calculates a unique base cost for each community school. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

During fiscal year 2021 the Academy received a $490,000 Paycheck Protection Program Loan through Huntington Bank and the US Small Business Association. At June 30, 2021 the Academy reported a $490,000 current liability for this loan. In September 2021, this loan was completely forgiven.

COLUMBUS PREPARATORY ACADEMY - FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
Last Eight Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)								
School's Proportion of the Net Pension Liability	0.00628150%	0.00666670%	0.00639120%	0.00748640%	0.00646730%	0.00710200%	0.008182%	0.008182%
School's Proportionate Share of the Net Pension Liability	$ 415,472	$ 398,880	$ 366,036	$ 447,296	$ 473,347	$ 405,247	$ 414,086	$ 486,557
School's Covered Payroll	$ 220,214	$ 228,704	$ 113,126	$ 237,057	$ 291,257	$ 213,809	$ 224,726	$ 259,465
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.67%	174.41%	323.56%	188.69%	162.52%	189.54%	184.26%	187.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)								
School's Proportion of the Net Pension Liability	0.02218667%	0.02158220%	0.02275695%	0.02549244%	0.02338648%	0.01942633%	0.01798518%	0.01798518%
School's Proportionate Share of the Net Pension Liability	$ 5,368,385	$ 4,772,773	$ 5,003,742	$ 6,055,784	$ 7,828,160	$ 5,368,869	$ 4,374,618	$ 5,211,017
School's Covered Payroll	$ 2,677,586	$ 2,533,836	$ 2,689,779	$ 2,802,579	$ 2,146,643	$ 2,026,814	$ 1,994,323	$ 1,771,154
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.49%	188.36%	186.03%	216.08%	364.67%	264.89%	219.35%	294.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplemental information.

COLUMBUS PREPARATORY ACADEMY - FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of the School's Contributions - Pension
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
School Employees Retirement System (SERS)										
Contractually Required Contribution	$ 29,797	$ 30,830	$ 30,875	$ 15,272	$ 33,188	$ 40,776	$ 28,180	$ 31,147	$ 35,910	$ 33,701
Contributions in Relation to the Contractually Required Contribution	(29,797)	(30,830)	(30,875)	(15,272)	(33,188)	(40,776)	(28,180)	(31,147)	(35,910)	(33,701)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 212,836	$ 220,214	$ 228,704	$ 113,126	$ 237,057	$ 291,257	$ 213,809	$ 224,726	$ 259,465	$ 250,565
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
State Teachers Retirement System (STRS)										
Contractually Required Contribution	$ 325,144	$ 374,862	$ 354,737	$ 376,569	$ 392,361	$ 300,530	$ 283,754	$ 259,262	$ 230,250	$ 243,288
Contributions in Relation to the Contractually Required Contribution	(325,144)	(374,862)	(354,737)	(376,569)	(392,361)	(300,530)	(283,754)	(259,262)	(230,250)	(243,288)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 2,322,457	$ 2,677,586	$ 2,533,836	$ 2,689,779	$ 2,802,579	$ 2,146,643	$ 2,026,814	$ 1,994,323	$ 1,771,154	$ 1,871,446
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplemental information.

COLUMBUS PREPARATORY ACADEMY - FRANKLIN COUNTY, OHIO

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)					
School's Proportion of the Net OPEB Liability	0.006587%	0.0064653%	0.0064867%	0.0076280%	0.0065680%
School's Proportionate Share of the Net OPEB Liability	$ 143,157	$ 162,588	$ 179,959	$ 204,715	$ 187,213
School's Covered Payroll	$ 220,214	$ 228,704	$ 113,126	$ 237,057	$ 291,257
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	65.01%	71.09%	159.08%	86.36%	64.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)					
School's Proportion of the Net OPEB Liability (Asset)	0.022187%	0.02158220%	0.02275695%	0.02549244%	0.02338648%
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (389,936)	$ (357,453)	$ (365,681)	$ 994,621	$ 1,250,715
School's Covered Payroll	$ 2,677,586	$ 2,533,836	$ 2,689,779	$ 2,802,579	$ 2,146,643
School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.56%	-14.11%	-13.60%	35.49%	58.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.74%	176.00%	47.11%	37.30%

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

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

See accompanying notes to the required supplemental information.

COLUMBUS PREPARATORY ACADEMY - FRANKLIN COUNT, OHIO

Required Supplementary Information
Schedule of the School's Contributions - OPEB
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
School Employees Retirement System (SERS)										
Contractually Required Contribution (1)	$ -	$ 4,557	$ 3,371	$ 4,083	$ 4,959	$ 3,384	$ 1,753	$ 333	$ 439	$ 1,459
Contributions in Relation to the Contractually Required Contribution	-	(4,557)	(3,371)	(4,083)	(4,959)	(3,384)	(1,753)	(333)	(439)	(1,459)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 212,836	$ 220,214	$ 228,704	$ 113,126	$ 237,057	$ 291,257	$ 213,809	$ 224,726	$ 259,465	$ 250,565
OPEB Contributions as a Percentage of Covered Payroll (1)	0.00%	2.07%	1.47%	3.61%	2.09%	1.16%	0.82%	0.15%	0.17%	0.58%
State Teachers Retirement System (STRS)										
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	19943	17712	18714
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	(19,943)	(17,712)	(18,714)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$2,322,457	$2,677,586	$ 2,533,836	$ 2,689,779	$ 2,802,579	$ 2,146,643	$ 2,026,814	$ 1,994,323	$ 1,771,154	$ 1,871,446
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

(1) Includes surcharge

See accompanying notes to the required supplemental information.

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

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

Changes in Benefit Terms - STRS

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

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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

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

Changes in Benefit Terms - SERS
There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

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

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

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

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

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

To the Board of Directors
Columbus Preparatory Academy
Franklin County, Ohio
3330 Chippewa Street
Columbus, Ohio 43204

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 Columbus Preparatory Academy, Franklin County, Ohio (the "Academy") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 28, 2021, in which we noted the Academy has suffered recurring losses from operations and has a net position deficit that raises substantial doubt about its ability to continue as a going concern.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Cambridge, Ohio
December 28, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Columbus Preparatory Academy
Franklin County, Ohio
3330 Chippewa Street
Columbus, Ohio 43204

Report on Compliance for Each Major Federal Program

We have audited the Columbus Preparatory Academy's, Franklin County, Ohio (the "Academy") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2021. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Cambridge, Ohio
December 28, 2021

COLUMBUS PREPARATORY ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Grant Year	Expenses	Total Provided to Subrecipients
U. S. Department of Education				
Passed Through Ohio Department of Education:				
Title I	84.010A	2021	$ 207,517	$ -
Special Education Cluster:				
IDEA Part B	84.027A	2021	32,405	-
Total Special Education Cluster			32,405	-
Title III Language Instruction for English Learners	84.365A	2021	16,250	-
Education Stabilization Fund - Elementary and Secondary School Emergency Relief- COVID-19	84.425D	2021	615,131	-
Title IV-A Student Support and Academic Enrichment Grant	84.424A	2021	22,454	-
Title II-A Improving Teacher Quality	84.367A	2021	20,325	-
Total U.S. Department of Education			914,082	-
U. S. Department of Treasury				
Passed Through Ohio Department of Education:				
Coronavirus Relief Funds-Broadband Connectivity-COVID-19	21.019	2021	27,233	-
Total U.S. Department of Treasury			27,233	-
U. S. Department of Agriculture				
Passed Through the Ohio Department of Education:				
Child Nutrition Cluster:				
Cash Assistance:				
School Breakfast Program	10.553	2021	13,492	-
School Breakfast Program (COVID-19)	10.553	2021	843	-
National School Lunch Program	10.555	2021	15,398	-
National School Lunch Program (COVID-19)	10.555	2021	1,327	-
Total Child Nutrition Cluster			31,060	-
Total U.S. Department of Agriculture			31,060	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 972,375	$ -

The accompanying notes are an integral part of this schedule.

COLUMBUS PREPARATORY ACADEMY
FRANKLIN COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(B)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Columbus Preparatory Academy, Franklin County, Ohio (the Academy) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - TRANSFERS

The Academy generally must spend Federal assistance within 15 months of receipt. However, with Ohio Department of Education (ODE) approval, an Academy can transfer (carryover) unspent Federal assistance to the succeeding year, thus allowing the Academy a total of 27 months to spend the assistance. During fiscal year 2021, the ODE authorized the following transfers:

AL Number / Grant Title	Grant Year	Transfer Out	Transfer In
84.010 Title I	2020	$ 5,447	
84.010A Title I	2021		$ 5,447
84.027 IDEA, Part B	2020	21,551	
84.027A IDEA, Part B	2021		21,551
84.367 Title II-A Improving Teacher Quality	2020	1,286	
84.367A Title II-A Improving Teacher Quality	2021		1,286
84.365 Title III English Language Acquisition State Grant	2020	1,786	
84.365A Title III English Language Acquisition State Grant	2021		1,786
84.424A Title IV-A Student Support and Academic Enrichment	2020	4,184	
84.424A Title IV-A Student Support and Academic Enrichment	2021		4,184
		$ 34,254	$ 34,254

NOTE D - CHILD NUTRITION CLUSTER

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

COLUMBUS PREPARATORY ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR §200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d) (1) (iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): Education Stabilization Fund-Elementary and Secondary School Emergency Relief-COVID-19	AL # 84.425D
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > $750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None were noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted.

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OHIO AUDITOR OF STATE
KEITH FABER

COLUMBUS PREPARATORY ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/8/2022

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