INDEPENDENT AUDITOR'S REPORT

IMPACT ACADEMY CINCINNATI

HAMILTON COUNTY

FINAL AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Dave Yost • Auditor of State

Board of Directors
Impact Academy Cincinnati
3060 Durrell Avenue
Cincinnati, Ohio 45207

We have reviewed the *Independent Auditor's Report* of the Impact Academy Cincinnati, Hamilton County, prepared by Richardson & Associates, LLC, for the audit period July 1, 2015 through June 30, 2016. 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 Impact Academy Cincinnati is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

June 12, 2017

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

This page intentionally left blank

IMPACT ACADEMY CINCINNATI

HAMILTON COUNTY

TABLE OF CONTENTS

This page intentionally left blank

RICHARDSON
accounting for your success!®

8044 Montgomery Rd. Suite 700| Cincinnati, Ohio 45236

To the Board of Directors
Impact Academy Cincinnati
Hamilton County
3060 Durrell Avenue
Cincinnati, Ohio 45207

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Impact Academy Cincinnati, Hamilton County, Ohio (the School), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 our judgment, including assessing the risks of material misstatement of the financial statement, whether due to fraud or error. In assessing those risks, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we 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 Impact Academy Cincinnati, Hamilton County, Ohio, as of June 30, 2016, and the respective changes in financial position and its cash flows thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in note 16, the school ceased operations on June 30, 2016 because the School's sponsorship agreement with Richland Academy of the Arts expired on June 30, 2016 and was not renewed. 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*, the *Schedules of the School's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio* and *State Teachers Retirement System of Ohio,* and *Schedules of School contributions - School Employees Retirement System of Ohio* and *State Teachers Retirement System of Ohio,* 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 other assurance.

RICHARDSON
accounting for your success!®

8044 Montgomery Rd. Suite 700| Cincinnati, Ohio 45236

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Richardson & Associates, LLC

Richardson and Associates, LLC
Cincinnati, Ohio
May 11, 2017

This page intentionally left blank

As management of the Impact Academy (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the School are as follows:

- Net Position of the School at the end of fiscal year was negative $989,528, an increase of $148,727 in comparison with the prior fiscal year-end.
- Total assets increased $35,618 from the prior year while total liabilities decreased by $123,026.
- Total revenues increased $223,288 while total expenses increased $165,646.

Using this Annual Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same.

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

The statement of net position and the statement of revenues, expenses and changes in net position answer the question, "How did we do financially during the fiscal year?" The statement of net position includes all assets and deferred outflows of resources and all liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the School's net position; however, in evaluating the overall position and financial liability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

The statement of revenues, expenses and changes in net position reports the changes in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Financial Analysis

Table 1 provides a summary of the School's net position for fiscal year 2016 compared with fiscal year 2015.

Table 1
Net Position at Year End

	2016	2015
Assets:		
Current Assets	$ 164,273	$ 100,792
Capital Assets, Net	-	27,863
Total Assets	164,273	128,655
Deferred Outflows of Resources-Pensions	86,254	48,773
Liabilities:		
Current Liabilities	304,034	348,961
Noncurrent Liabilities	742,389	820,488
Total Liabilities	1,046,423	1,169,449
Deferred Inflows of Resources-Pensions	193,632	146,234
Net Position:		
Net Investment in Capital Assets	-	17,976
Restricted	16,069	12,403
Unrestricted	(1,005,597)	(1,168,634)
Total Net Position	$ (989,528)	$ (1,138,255)

Current Assets increased significantly due to an increase in cash and cash equivalents

Noncurrent Liabilities decreased significantly over those reported one year ago. This decrease is primarily the result of a decrease in net pension liability, as reported by the pension systems.

Financial Analysis

Table 2 shows the change in net position for fiscal year 2016 compared with fiscal year 2015.

Table 2
Changes in Net Position

	2016	2015
Operating Revenues:		
Foundation Revenues	$ 866,192	$ 690,637
Other Revenues	19	-
Total Operating Revenues	866,211	690,637
Operating Expenses:		
Salaries and Wages	387,329	297,013
Fringe Benefits	71,815	105,873
Purchased Services	534,973	444,139
Materials and Supplies	23,858	20,531
Depreciation	9,099	8,275
Other	19,347	17,353
Total Operating Expenses	1,046,421	893,184
Operating Loss	(180,210)	(202,547)
Nonoperating Revenues (Expenses):		
Federal Grants Revenue	246,545	202,253
State Grants Revenue	95,104	79,944
Other Non-Operating Revenue	-	6,100
Insurance Proceeds	-	5,638
Interest Expense	(211)	(303)
Loss on Disposal of Assets	(12,501)	-
Total Nonoperating Revenues (Expenses)	328,937	293,632
Change in Net Position	148,727	91,085
Net Position, Beginning of Year	(1,138,255)	(1,229,340)
Net Position, End of the Year	$ (989,528)	$ (1,138,255)

Total revenues and expenses increased significantly in comparison with the prior fiscal year, primarily as a result of an increase in enrollment from 110 students in fiscal year 2015 to 127 students in fiscal year 2016.

Capital Assets

At fiscal year-end, the School's net capital asset balance was $0, a decrease of $27,863 compared with the prior fiscal year. This decrease represents the amount in which current year depreciation ($9,099) and disposals ($21,414) exceeded current year additions ($2,650). For more information on capital assets, see Note 5 to the basic financial statements.

Debt

At fiscal year-end, the School's loan payable balance was $122,433, the same amount reported one year ago. For more information on loans payable, see Note 12 to the basic financial statements.

At fiscal year-end, the School's capital lease payable balance was $0, a decrease of $9,887 compared with the prior fiscal year-end. A portion of this decrease represents current year principal payments of $3,629. The remaining decrease is the result of the School's termination of the lease agreement during the fiscal year. For more information on capital assets, see Note 14 to the basic financial statements.

Current Financial Issues

The School's sponsorship agreement with Richland Academy of the Arts expired June 30, 2016 and was not renewed, therefore, the School did not reopen in fiscal year 2017.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Impact Academy and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Impact Academy, 3060 Durrell Ave., Cincinnati, Ohio 45207.

IMPACT ACADEMY
HAMILTON COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

Assets:		
Current Assets		
Cash and Cash Equivalents	$	123,564
Intergovernmental Receivables		38,054
Accounts Receivable		2,655
Total Current Assets		164,273
Total Assets		164,273
Deferred Outflows of Resources:		
Pension		86,254
Liabilities:		
Current Liabilities		
Accounts Payable		129,247
Accrued Wages and Benefits Payable		40,309
Intergovernmental Payable		12,045
Loans Payable		122,433
Total Current Liabilities		304,034
Long-Term Liabilities		
Net Pension Liability		742,389
Total Noncurrent Liabilities		742,389
Total Liabilities		1,046,423
Deferred Inflows of Resources:		
Pension		193,632
Net Position:		
Restricted		16,069
Unrestricted		(1,005,597)
Total Net Position	$	(989,528)

See accompanying notes to the basic financial statements.

IMPACT ACADEMY
HAMILTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating Revenues:	
Foundation Payments	$ 866,192
Other Revenue	19
Total Operating Revenues	866,211
Operating Expenses:	
Salaries and Wages	387,329
Fringe Benefits	71,815
Purchased Services	534,973
Materials and Supplies	23,858
Depreciation	9,099
Other	19,347
Total Operating Expenses	1,046,421
Operating Loss	(180,210)
Non-Operating Revenues (Expenses):	
Federal Grants Revenue	246,545
State Grants Revenue	95,104
Interest Expense	(211)
Loss on Disposal of Assets	(12,501)
Total Non-Operating Revenues (Expenses)	328,937
Change in Net Position	148,727
Net Position Beginning of Year	(1,138,255)
Net Position End of Year	$ (989,528)

See accompanying notes to the basic financial statements.

IMPACT ACADEMY
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Received from State of Ohio	$ 865,797
Not Used	19
Payments to Employees for Services and Benefits	(500,125)
Payments to Suppliers for Goods and Services	(616,267)
Payments to Others	(2,948)
Net Cash Used for Operating Activities	(253,524)
Cash Flows from Noncapital Financing Activities:	
Federal Grants	245,807
State Grants	95,104
Net Cash Provided by Noncapital Financing Activities	340,911
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(2,650)
Payment of Capital Lease Principal	(3,629)
Payment of Capital Lease Interest	(211)
Net Cash Used for Capital and Related Financing Activities	(6,490)
Net Increase in Cash and Cash Equivalents	80,897
Cash and Cash Equivalents at Beginning of Year	42,667
Cash and Cash Equivalents at End of Year	$ 123,564

See accompanying notes to the basic financial statements.

IMPACT ACADEMY
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(180,210)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation		9,099
Changes in Assets and Liabilities:		
Accounts Receivable		87
Intergovernmental Receivable		12,389
Prepaid Items		8,333
Accounts Payable		(49,457)
Accrued Wages and Benefits Payable		2,497
Intergovernmental Payable		5,662
Net Pension Liability		(61,924)
Net Cash Used for Operating Activities	$	(253,524)

Schedule of Noncash Transactions:

During the fiscal year, the School terminated their copier lease agreement and returned their two copiers to the lessor.

See accompanying notes to the basic financial statements.

1. Description of the School and Reporting Entity:

Impact Academy (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through sixth grade through customizing learning for each child. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School had one fiscal service provider during the fiscal year, Mangen & Associates School Resource Center. Douglas Mangen served as the Certified Treasurer during the entire fiscal period. The Richland Academy was the School's sponsor in fiscal year 2016. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The Sponsor did not renew the contract for fiscal year 2017. As a result, the School discontinued its operations on June 30, 2016.

The School operates under the director of a Five-member Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 3 non-certified and 9 certificated teaching personnel who provide services to 127 students.

The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. See Note 10.

2. Summary of Significant Accounting Policies:

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

A. Basis of Presentation

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

2. Summary of Significant Accounting Policies (continued):

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources 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 difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources is defined as net position. The statement of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the Schools contract with its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated on a bi-annual basis.

D. Cash and Cash Equivalents

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds.

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of $500. Improvements are capitalized. The cost 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 reported capital assets are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimate Life
Building and Building Improvements	50 years
Furniture, Fixtures, and Equipment	5 years

2. Summary of Significant Accounting Policies (continued):

F. Estimates

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

G. Intergovernmental Revenues

The School is a participant in the State Foundation Program. In addition, the State distributes among all public schools, a percentage of proceeds received from the tax on gross casino revenue, to be used to support primary and secondary education. Foundation funding and proceeds received from the State's tax on casino revenue are recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

H. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the School's primary mission. For the School, operating revenues include revenues paid through the State Foundation Program and Other Unrestricted Grants-In-Aid distributed from the State's proceeds of the tax on gross casino revenue. Operating expenses are necessary costs incurred to support the School's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation and other.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants, interest earnings and expense, if any, and contributions comprise the non-operating revenues and expenses of the School.

I. Accrued Liabilities Payable

The School has recognized certain liabilities on its statement of net position relating to expenses, which are due but unpaid as of fiscal year-end, including:

Accrued wages and benefits payable – salary and benefit payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2016 contract.

Accounts payable – payments due for services or goods that were rendered or received during fiscal year 2016.

Intergovernmental payable - payments made after year-end for the School's share of retirement contributions, Medicare and Worker's Compensation associated with services rendered during the fiscal year.

2. Summary of Significant Accounting Policies (continued):

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement 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(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pensions. These deferred outflows of resources related to pensions are explained in Note 7.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension is explained in Note 7.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, less any outstanding capital related debt. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Pensions

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

M. Economic Dependency

The School receives nearly 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

3. Deposits and Investments:

At June 30, 2016, the carrying amount of the School's deposits was $123,564 and the bank balance was $127,061. The entire bank balance was covered by the Federal Deposit Insurance Corporation.

4. Intergovernmental Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. A summary of the principal items of receivables at June 30, 2016 is as follows:

Grant Program	Amount
SERS Overage	$ 1,006
Foundation Underpayment	11,625
Title I	11,131
Title II-A	14,292

5. Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

Capital Assets:	**Beginning Balance**	**Additions**	**Deletions**	**Ending Balance**
Building and Improvements	$ 1,308	$ 1,650	$ 2,958	$ -
Furniture and Equipment	44,779	1,000	45,779	-
Total Capital Assets	46,087	2,650	48,737	-
Less Accumulated Depreciation:				
Building and Improvements	(39)	(43)	(82)	-
Furniture and Equipment	(18,185)	(9,056)	(27,241)	-
Total Accumulated Depreciation	(18,224)	(9,099)	(27,323)	-
Capital Assets, Net	$ 27,863	$ (6,449)	$ 21,414	$ -

6. Risk Management:

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2016, the School contracted with Argonaut Insurance Company for its insurance coverage as follows:

General Liability (aggregate)	$3,000,000
Each Occurrence Limit	$1,000,000
Personal/Advertising Limit	$1,000,000
Damage to Rented Premises	$500,000

There was no significant reduction in coverage during the fiscal year. Settlement amounts did not exceed coverage amounts during the past two fiscal years.

B. Workers' Compensation

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

C. Employee Insurance Benefits

The School utilizes Ameriflex, Anthem Blue Cross Blue Shield, and Superior Dental Care, Inc. to provide dental, health, vision, life, accidental death and dismemberment insurance benefits to School employees.

7. Defined Benefit Pension Plans:

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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.

7. Defined Benefit Pension Plans (continued):

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

GASB 68 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 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 liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School non-teaching employees participate in SERS, a 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 thirty 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.

7. Defined Benefit Pension Plans (continued):

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. There was no amount allocated to the Health Care Fund.

The School's contractually required pension contribution to SERS was $6,328 for fiscal year 2016 of which the entire amount has been paid.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

7. Defined Benefit Pension Plans (continued):

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions 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 services. 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.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $47,895 for fiscal year 2016. Of this amount, $7,368 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

7. Defined Benefit Pension Plans (continued):

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$97,586	$644,803	$742,389
Proportion of the Net Pension Liability	0.001710%	0.002333%	
Pension Expense	$7,360	$39,787	$47,147

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 2,254	$ 29,777	$ 32,031
School contributions subsequent to the measurement date	6,328	47,895	54,223
Total Deferred Outflows of Resources	$ 8,582	$ 77,672	$ 86,254
Deferred Inflows of Resources			
Net Difference between projected and actual investment earnings	$ 16,298	$ 53,708	$ 70,006
Changes in Proportionate Share	81,344	42,282	123,626
Total Deferred Inflows of Resources	$ 97,642	$ 95,990	$ 193,632

$54,223 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

7. Defined Benefit Pension Plans (continued):

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2017	($31,287)	($23,353)	($54,640)
2018	(31,287)	(23,353)	(54,640)
2019	(31,305)	(23,351)	(54,656)
2020	(1,509)	3,844	2,335
Total	($95,388)	($66,213)	($161,601)

Actuarial Assumptions - SERS

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

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

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, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflatioı	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflatioı
Actuarial Cost Method	Entry Age Normal

7. Defined Benefit Pension Plans (continued):

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged 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 allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Changes between Measurement Date and Report Date In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the School's net pension liability is expected to be significant.

7. Defined Benefit Pension Plans (continued):

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$135,316	$97,586	$65,813

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

7. Defined Benefit Pension Plans (continued):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$895,681	$644,803	$432,649

Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. The Board's liability is 6.2% of wages paid.

8. Post-employment Benefits:

   a. School Employees Retirement System

      Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan.

      Health Care Plan – Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

      The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

      The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. For the year ended June 30, 2016, the health care allocation is 0%. 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. By statute no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the minimum compensation level was established at $23,000. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

      School contributions assigned to health care for the years ended June 30, 2016, 2015 and 2014 were $761, $928 and $7,710, respectively. The entire amount has been contributed for fiscal years 2015 and 2014. For fiscal year 2016, the entire amount is reported as intergovernmental payable.

      The SERS Retirement Board establishes 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.

      The financial reports on SERS' Health Care plan is included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

8. Post-employment Benefits (continued):

   b. State Teachers Retirement System

      Plan Description - STRS administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

      Ohio law authorizes STRS to offer a cost-sharing, multiple employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

      Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. 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.

      STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

      Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2014. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate established under Ohio law.

      The School's contractually required health care contributions to STRS for fiscal years 2016, 2015, and 2014 were $0, $0 and $2,593, respectively. The entire amount has been contributed for each fiscal year.

9. Contingencies:

   A. Grants

      The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2016, if applicable, cannot be determined at this time. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at fiscal year-end.

9. Contingencies (continued):

B. State Funding

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, schools must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the fiscal year 2016 Foundation funding for the School; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

10. Instruction, Operations and Fiscal Management:

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The Agreement may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A will perform the following services:

1. Education Program Management
2. School Operations Management
3. Treasurer Services, Financial Management, EMIS/SOES and CCIP Administration

The School paid M&A $259,000 during fiscal year 2016.

11. Purchased Services:

During the fiscal year ended June 30, 2016, purchased services expenses for services rendered by various vendors were as follows:

Instructional Improvement	$	2,290
Professional and Technical Services		289,765
Garbage Removal and Cleaning		46,110
Rentals		54,222
Travel/Meeting Services		2,045
Utilities		22,905
Postage		527
Advertising		1,019
Contracted Food Services		113,182
Pupil Transportation Services		812
Other Purchased Services		2,096
Total	$	534,973

12. Short-term Loan/Related Party

During fiscal year 2012, the School entered into six short-term loans for operations with Mangen & Associates, the School's Treasurer, totaling $82,313. In fiscal year 2013, the School entered into three more short-term loans for operations, totaling $36,000. In fiscal year 2014, the School entered into three more short-term loans for operations, totaling $26,400. The loans have an interest rate of 0%. The outstanding loan balance of $122,433 was due January 1, 2016. The School did not make any payments during fiscal year 2016.

13. Operating Leases:

For fiscal year 2014, the School entered into a lease agreement with Christ Temple Full Gospel Baptist Church for building space. Rent during the initial term of the lease is $4,167 per month. During fiscal year 2016, the School made lease payments of $41,667.

14. Capital Lease:

During fiscal year 2013, the School entered into a five-year lease with ProSource for the use of two copiers. Monthly rental payments of $320 began in March 2013 and totaled $3,840 for the fiscal year ended June 30, 2016. The School also incurred additional charges based on the number and type of copies.

The School terminated the lease at the end of the fiscal year and the copiers were returned to Prosource.

15. Change in Accounting Principles:

For fiscal year 2016, the School implemented *GASB Statement No. 72 "Fair Value Measurement and Application"* which enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepter valuation techniques. This statement also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The implementation of this statement did not have an effect on the financial statements of the School.

For fiscal year 2016, the School implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the Scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

For fiscal year 2016, the School implemented GASB Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" which improves financial reporting be (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. The implementation of this statement did not have an effect on the financial statements of the School.

For fiscal year 2016, the School implemented GASB Statement No. 79 "Certain External Investment Pools and Pool Participants" which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of this statement did not have an effect on the financial statements of the School.

16. Ceased Operations/Subsequent Events:

The School discontinued operations June 30, 2016 and the School is currently in the process of dissolving the remaining assets and liabilities.

The following schedule summarizes the cash receipts and cash disbursements of the School for the liquidation period of July 1, 2016 through April 24, 2017:

Operating Receipts:		
	Foundation Payments	$ 12,094
Less:	Repayment to ODE	(469)
	Foundation Payment, Net	11,625
	Other Unrestricted Grants-In-Aid	3,314
	Auction Proceeds	3,087
Total Operating Receipts		18,026
Operating Disbursements:		
	Salaries and Fringe Benefits	57,827
	Purchased Services	101,102
	Materials and Supplies	(3)
Total Operating Disbursements		158,926
Non-Operating Receipts:		
	Federal and State Grants	25,423
Net Decrease in Cash		(115,477)
Beginning Cash, July 1, 2016		123,564
Ending Cash, April 24, 2017		$ 8,087

In addition, the Ohio Department of Education has established procedures to be followed when a community school is closed. The School's management has partially completed these procedures as of the opinion date. All Federal Fund purchased assets remaining at the School were donated to other community schools in July 2016 in accordance with State regulations.

As of the opinion date, the School had the following outstanding obligations:

	Type of Fees	Amount
Richardson & Associates, LLC	Audit Fees	$ 2,432
Mangen & Associates, LLC (estimate)	Treasurer Fees	138,000
Total		$ 140,432

Mangen & Associates plans to write-off a majority of the amount the School owed to it due to the cash shortage.

RICHARDSON
accounting for your success!®

8044 Montgomery Road| Suite 700| Cincinnati, OH 45236

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Impact Academy Cincinnati
Hamilton County
3060 Durrell Avenue
Cincinnati, Ohio 45207

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by Comptroller General of the United States, the financial statements of the Impact Academy Cincinnati, Hamilton County, Ohio, (the "School") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated May 11, 2017, in which we noted the School ceased operations June 30, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Richardson & Associates, LLC

Richardson & Associates, LLC
Cincinnati, OH
May 11, 2017

RICHARDSON
accounting for your success!®

8044 Montgomery Road| Suite 700| Cincinnati, OH 45236

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Impact Academy Cincinnati
Hamilton County
3060 Durrell Avenue
Cincinnati, Ohio 45207

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Impact Academy Cincinnati (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

- We noted the school board amended its anti-harassment policy in February 2016 to include the requirement that the school administration should provide semiannual written summaries of all reported incidents to the president of the Board of Trustees, and post them on the School's website.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and the School's sponsor, is not intended to be, and should not be used by anyone other than these specified parties.

Richardson & Associates, LLC

Richardson & Associates, LLC
Cincinnati, Ohio
May 11, 2017

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

IMPACT ACADEMY
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
(UNAUDITED)

LAST 3 FISCAL YEARS (1)

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.001710%	0.003831%	0.003831%
School's Proportionate Share of the Net Pension Liability	$ 97,586	$ 193,885	$ 227,817
School's Covered-Employee Payroll	$ 52,817	$ 110,740	$ 57,789
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	184.76%	175.08%	394.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

IMPACT ACADEMY
HAMILTON COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
(UNAUDITED)

LAST 3 FISCAL YEARS (1)

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.002333%	0.002550%	0.002550%
School's Proportionate Share of the Net Pension Liability	$ 644,803	$ 620,345	$ 738,952
School's Covered-Employee Payroll	$ 244,214	$ 259,304	$ 270,084
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	264.03%	239.23%	273.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

IMPACT ACADEMY
HAMILTON COUNTY

SCHEDULE OF SCHOOL CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
(UNAUDITED)

LAST FIVE FISCAL YEARS (1)

	2016	2015	2014	2013	2012
Contractually Required Contribution	$ 6,328	$ 6,961	$ 15,349	$ 7,998	$ 4,869
Contributions in relation to the contractually required contribution	$ 6,328	$ 6,961	$ 15,349	$ 7,998	$ 4,869
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 45,202	$ 52,817	$ 110,740	$ 57,789	$ 36,197
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%	13.45%

(1) Information prior to 2012 is not available.

IMPACT ACADEMY
HAMILTON COUNTY

SCHEDULE OF SCHOOL CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
(UNAUDITED)

LAST FIVE FISCAL YEARS

	2016	2015	2014	2013	2012
Contractually Required Contribution	$ 47,895	$ 34,190	$ 33,710	$ 35,111	$ 20,504
Contributions in relation to the contractually required contribution	$ 47,895	$ 34,190	$ 33,710	$ 35,111	$ 20,504
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 342,108	$ 244,214	$ 259,304	$ 270,084	$ 157,723
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%	13.00%

(1) Information prior to 2012 is not available.

This page intentionally left blank.

IMPACT ACADEMY OF CINCINNATI

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 22, 2017

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov