

CORNERSTONE ACADEMY

FRANKLIN COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2024





65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Governing Board
Cornerstone Academy
6023 East Walnut Street
Westerville, Ohio 43081

We have reviewed the *Independent Auditor's Report* of the Cornerstone Academy, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

May 27, 2025

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**CORNERSTONE ACADEMY
FRANKLIN COUNTY
SINGLE AUDIT
For the Fiscal Year Ended June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Cornerstone Academy
Franklin County
6025 East Walnut Street
Westerville, Ohio 43081

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Academy, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

Such information 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. The 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 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 27, 2024, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Charles E. Harris & Associates, Inc.
December 27, 2024

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CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

The discussion and analysis of the Cornerstone Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2024. Readers should also review the basic financial statements and notes to enhance their understanding of the Academy's financial performance.

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

HIGHLIGHTS

The Academy finished its seventeenth year of operations since emerging from a temporary voluntary suspension of operations during fiscal year 2007 serving Kindergarten through eighth grade. The Academy suspended operations during the period October 1, 2006 through June 30, 2007 and resumed operations July 1, 2007. Enrollment varied during fiscal year 2024 but ended with 1,032 students.

Key highlights for fiscal year 2024 are as follows:

- Net position decreased \$468,222 in 2024 as compared to a decrease of \$764,565 in fiscal year 2023.
- Total revenue increased from \$12,572,969 in fiscal year 2023 to \$15,137,569 in fiscal year 2024.
- Total expenses, including interest increased from \$13,337,534 in fiscal year 2023 to \$15,605,791 in fiscal year 2024.

OVERVIEW OF FINANCIAL STATEMENTS

The financial report consists of three parts – required supplementary 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 all liabilities, deferred inflows/ outflows 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 a full understanding of the data provided on the basic financial statements.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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 government-wide financial statements is included in the discussion and analysis. The following table represents the Academy's statement of net position at June 30, 2024 and 2023:

	Table 1	
	Net Position	
	2024	2023
Assets:		
Current assets:		
Cash and Cash Equivalents	\$ 3,033,817	\$ 5,619,530
Escrow Assets	5,234,672	839,078
Accounts Receivable	149,241	33,137
Intergovernmental Receivable	379,328	378,077
Prepaid Expense	88,606	114,797
Total currents assets	8,885,664	6,984,619
Noncurrent assets:		
Capital Assets, net of Accumulated Depreciation	20,164,957	8,953,730
Non-Depreciable Capital Assets	8,127,041	2,522,892
Net OPEB Asset	557,854	623,707
Bond Reserve	238,783	841,024
Total noncurrent assets	29,088,635	12,941,353
Total assets	37,974,299	19,925,972
Deferred Outflows of Resources:		
Unamortized Deferred Charges on Bond Refinancing	765,892	275,087
Pension/OPEB	3,250,400	2,656,747
Total Deferred Outflows of Resources:	4,016,292	2,931,834
Liabilities:		
Current liabilities:		
Accounts Payable, Trade	712,426	78,076
Accrued Interest Payable	1,067,500	289,919
Accrued Expenses	463,096	321,905
Unearned Revenue	69,157	62,768.00
Current Portion of Long-Term Debt	-	502,146
Total current liabilities	2,312,179	1,254,814
Noncurrent liabilities:		
Net Pension Liability	7,122,263	6,059,800
Net OPEB Liability	266,529	179,324
Noncurrent Portion of Long-term Debt	30,080,322	12,455,869
Total noncurrent liabilities	37,469,114	18,694,993
Total liabilities	39,781,293	19,949,807
Deferred Inflows of Resources	1,311,155	1,541,634
Net Position		
Net Investment in Capital Assets	1,985,600	(245,329)
Restricted Net Position	2,465,423	719,124
Unrestricted Net Position	(3,552,880)	892,570
Total Net Position	\$ 898,143	\$ 1,366,365

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

Cash and cash equivalents decreased during the year from operations. The escrow assets increased during the year due to the new bond issuance during fiscal year 2024. Capital assets increased due to the purchase of the previously leased building. Current liabilities increased during the year due to accounts payable, accrued interest payable, and accrued expenses increasing during the year offset by the reduction in current portion of long-term debt related to the bond issuance that was converted to a long-term liability.

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB 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.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

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

In accordance with GASB 68 and GASB 75, the 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.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 – UNAUDITED**

The following table shows the changes in net position for the following fiscal periods:

Table 2
Change in Net Position

	2024	2023
Operating Revenues:		
State Aid	\$ 9,792,511	\$ 7,532,363
Miscellaneous	98,373	57,899
Total Operating Revenues	9,890,884	7,590,262
Operating Expenses:		
Purchased Services	12,250,220	10,980,592
Depreciation	890,309	995,860
Supplies	661,194	513,610
Other Operating Expense	579,003	31,340
Total Operating Expenses	14,380,726	12,521,402
Operating Income (Loss)	(4,489,842)	(4,931,140)
Non-Operating Revenues and Expenses:		
Federal and State Restricted Grants	4,790,381	4,831,800
Interest Income	285,532	144,307
Lease Interest Expense	(132,007)	(253,335)
Other Grants	-	6,600
Interest Expense	(1,093,058)	(562,797)
Gains on Disposal	170,772	-
Net Nonoperating Revenues and Expenses	4,021,620	4,166,575
Change in Net Position	\$ (468,222)	\$ (764,565)

The increase in State Aid revenue and in Purchased Services and Supplies expenses are due to the increase in the number of students being served. Depreciation decreased related to the purchase of the building resulting in a longer useful life on the asset. Lease interest expense decreased while interest expense increased as a result of the bond issuance that was made to purchase the building that was being leased in the prior fiscal year.

CAPITAL ASSETS

At June 30, 2024, the Academy had \$28,291,998 (net of accumulated depreciation) invested in capital assets. This is an increase of \$16,815,376 from the prior year. For further information regarding the Academy's capital assets, refer to Note 5 of the basic financial statements.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

LONG-TERM OBLIGATIONS

At June 30, 2024, the Academy had total debt of \$30,080,322.

The bond offering (listed net of premium) outstanding at year end was \$30,080,322 of which no principal payments are due within one year. This bond debt was newly issued in December 2023 after refunding the 2016 bonds in order to take advantage of lower interest rates. Lease obligations were also reduced to zero due the purchase of the former leased building from the landlord during the fiscal year.

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

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

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 questions concerning this report, please contact the Academy's Fiscal Officer, C. David Massa, CPA of Massa Financial Solutions, LLC at 6015 E. Walnut, Westerville, Ohio 43081.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO
Statement of Net Position
June 30, 2024

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 3,033,817
Accounts Receivable	149,241
Escrow Assets	5,234,672
Intergovernmental Receivable	379,328
Prepaid Expenses	88,606
Total Current Assets	8,885,664

Noncurrent Assets:

Net OPEB Asset	557,854
Bond Reserve Account	238,783
Non-Depreciable Capital Assets	8,127,041
Capital Assets, net of Accumulated Depreciation	20,164,957
Total Non-Current Assets	29,088,635

Total Assets 37,974,299

Deferred Outflows of Resources:

Unamortized Deferred Charges on Bond Refinancing	765,892
Pension (STRS & SERS) Outflows	2,946,929
OPEB (STRS & SERS) Outflows	303,471
Total Deferred Outflows of Resources	4,016,292

Liabilities:

Current Liabilities:

Accounts Payable	712,426
Accrued Interest Payable	1,067,500
Accrued Expenses	463,096
Unearned Revenue	69,157
Total Current Liabilities	2,312,179

Noncurrent Liabilities:

Net Pension Liability	7,122,263
Net OPEB Liability	266,529
Noncurrent Portion of Long-term Debt	30,080,322
Total Noncurrent Liabilities	37,469,114

Total Liabilities 39,781,293

Deferred Inflows of Resources:

Pension (STRS & SERS)	604,405
OPEB (STRS & SERS)	706,750
Total Deferred Inflows of Resources	1,311,155

Net Position:

Invested in Capital Assets	1,985,600
Restricted for Other Purposes	2,465,423
Unrestricted Net Position	(3,552,880)
Total Net Position	\$ 898,143

See Accompanying Notes to the Financial Statements

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

Operating Revenues:	
State Aid	\$ 9,792,511
Miscellaneous	98,373
Total Operating Revenues	<u>9,890,884</u>
Operating Expenses:	
Purchased Services	12,250,220
Depreciation	890,309
Supplies	661,194
Other Operating Expenses	579,003
Total Operating Expenses	<u>14,380,726</u>
Operating Income (Loss)	(4,489,842)
Non-Operating Revenues and (Expenses):	
Federal and State Restricted Grants	4,790,381
Interest Income	285,532
Lease Interest Expense	(132,007)
Gain on Disposal	170,772
Bond Interest Expense	(1,093,058)
Net Non-operating Revenues and (Expenses)	<u>4,021,620</u>
Change in Net Position	(468,222)
Net Position - Beginning of Year	1,366,365
Net Position - End of Year	<u>\$ 898,143</u>

See Accompanying Notes to the Financial Statements

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

State Aid Receipts	\$ 9,861,668
Miscellaneous	98,373
Cash Payments to Suppliers for Goods and Services	<u>(12,413,400)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(2,453,359)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal and State Grant Receipts	4,702,068
Increase in Escrow/Bond Reserve Accounts	<u>(3,793,353)</u>
Net Cash Provided By Noncapital Financing Activities	<u>908,715</u>

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Purchase of Capital Assets	(20,783,826)
Proceeds from New Bond Issuance	30,000,000
Refunding of Prior Bond Issuance	(9,260,000)
Increase in Bond Issuance Costs	(490,805)
Lease Interest Payments	(132,007)
Lease Termination Principal Payments	(250,258)
Gain on Disposal of Leased Asset	170,772
Facility Bond Interest Payments	(315,477)
Facility Bond Principal Payments	<u>(265,000)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(1,326,601)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income Receipts	<u>285,532</u>
Net Cash (Used For) Provided By Investing Activities	<u>285,532</u>

Net Increase/(Decrease) in Cash and Cash Equivalents	(2,585,713)
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Cash and Cash Equivalents - Beginning of the Year	<u>5,619,530</u>
Cash and Cash Equivalents - Ending of the Year	<u>\$ 3,033,817</u>

See Accompanying Notes to the Financial Statements

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2024

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities

Operating Income (Loss) \$ (4,489,842)

Adjustments to Reconcile Operating Income (Loss) to

Net Cash Provided By (Used For) Operating Activities:

Depreciation 890,309

Changes in Assets, Liabilities, and Deferred Inflows and Outflows:

(Increase)/ Decrease in Prepaid Expense 26,191

(Increase)/ Decrease in Accounts Receivable (116,104)

(Increase)/ Decrease in Net OPEB Asset 65,853

(Increase)/ Decrease in Deferred Outflows Pension (458,167)

(Increase)/ Decrease in Deferred Outflows OPEB (135,486)

Increase/ (Decrease) in Net Pension Liability 1,062,463

Increase/ (Decrease) in Net OPEB Liability 87,205

Increase/(Decrease) in Accounts Payable, Trade 634,350

Increase/(Decrease) in Unearned Revenue 69,157

Increase/(Decrease) in Accrued Expenses 141,191

Increase/ (Decrease) in Deferred Inflows Pension (191,691)

Increase/ (Decrease) in Deferred Inflows OPEB (38,788)

Net Cash Provided By (Used For) Operating Activities \$ (2,453,359)

Noncash transaction:

The Academy purchased a building that it was leasing therefore, the lease liability from the prior year was removed.

See Accompanying Notes to the Financial Statements

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

NOTE 1 – DESCRIPTION OF ACADEMY

The Cornerstone Academy (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314. The Academy offers education for Ohio children in kindergarten and grades 1 through 8. The Academy is independent of any Academy district 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 is a federally recognized 501(c)(3) nonprofit corporation established pursuant to Ohio Revised Code Chapter 1702.

The Academy was approved for operation under contract with the Ohio State Board of Education commencing on July 1, 2000. The Academy began the 2005-06 fiscal year under a contract with the St. Aloysius Orphanage (the Sponsor) for a period of five academic years commencing after July 1, 2005 and ending June 30, 2011. In June of 2011, the Sponsor renewed the charter contract for five academic years ending June 30, 2016. In June of 2016, the Sponsor again renewed the charter contract for seven academic years ending June 30, 2023. Effective July 1, 2023, the contract has been renewed for an additional seven years through June 30, 2030. 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 carry 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 Accel Schools 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 ACCOUNTING 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.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

Measurement Focus - The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets/ deferred outflows of resources and liabilities/ deferred inflows 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 Academy and its Sponsor. The contract between the Academy and its Sponsor does not require the Academy to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

Cash and Cash Equivalents - All cash received by the Academy is maintained in a demand deposit account and a money market account. All investments of the Academy are considered to be cash and cash equivalents for financial reporting purposes. During fiscal year 2024, the School held no investments.

Capital Assets - The Academy's capital assets during the year ended June 30, 2024 consisted of land, construction in progress, building and improvements, leasehold improvements, computer technology, furniture 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 \$5,000. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

All capital assets, except land and 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:

<u>Description</u>	<u>Useful Lives</u>
Buildings and Improvements	30 years
Leasehold Improvements	15 years
Computer Technology	3 years
Furniture and Equipment	5-20 years

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. The Academy also participates in various federal programs passed through the Ohio Department of Education.

Under the above programs the Academy recorded \$9,792,511 this fiscal year from the State Foundation Program and Casino Tax Revenues and \$4,790,381 from Federal and State Grants.

Accrued Liabilities - Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisting of accounts payable, accrued interest payable, accrued expenses and unearned revenue totaled \$2,243,022 at June 30, 2024.

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

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 Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. At June 30, 2024, the Academy reported \$2,465,423 in restricted net position for cash in escrow and reserve accounts, net of related debt for future principal payments and \$1,985,600 of net position invested in capital assets, net of accumulated depreciation and net of related debt.

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 statement of net 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 deferred charges, pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

When utilizing accrual basis of accounting, unamortized deferred charges on debt refinancing are reported as a deferred outflow of resources. Deferred charges on refunding result from the difference in the carrying value of refunded debt to its acquisition price. This amount is deferred and amortized over the shorter period of the life of the refunded debt or of the refunding debt.

In addition to liabilities, the statement of net 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.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

The School maintains its cash balances at one financial institution, Huntington National Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2024, the book amount of the School's deposits was \$3,033,817 and the bank balance was \$3,037,812 of which \$2,787,812 was not insured at June 30, 2024 and exposed to custodial credit risk, while \$250,000 was covered by FDIC.

NOTE 4 - RECEIVABLES

At June 30, 2024, the Academy had intergovernmental receivables in the amount of \$379,328 representing monies due from State Foundation payment, Title I, ESSER, CRF, Medicaid, and IDEA-B, which was not received as of year-end. The receivables are expected to be collected within one year.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the period July 1, 2023 to June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets				
Land (not depreciated)	\$ 2,522,669	\$ 3,829,000	\$ -	\$ 6,351,669
Construction in Progress (not depreciated)	-	1,775,372	-	1,775,372
Buildings and Improvements	7,230,738	14,836,397	-	22,067,135
Intangible Right to Use Asset-Building	3,598,488	-	(3,598,488)	-
Leasehold Improvements	869,799	-	-	869,799
Computer Technology	561,730	139,613	-	701,343
Furniture & Equipment	733,628	203,444	-	937,072
Total Capital Assets	15,517,052	20,783,826	(3,598,488)	32,702,390
Less: Accumulated Depreciation				
Buildings and improvements	(2,527,352)	(465,203)	-	(2,992,555)
Intangible Right to Use Asset-Building	(358,160)	(162,187)	520,347	-
Leasehold Improvements	(203,495)	(5,162)	-	(208,657)
Computer Technology	(399,953)	(150,380)	-	(550,333)
Furniture & Equipments	(551,470)	(107,377)	-	(658,847)
Total Accumulated Depreciation	(4,040,430)	(890,309)	520,347	(4,410,392)
Capital Assets, Net	<u>\$ 11,476,622</u>	<u>\$ 19,893,517</u>	<u>\$ (3,078,141)</u>	<u>\$ 28,291,998</u>

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

NOTE 6 – LONG-TERM OBLIGATIONS

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

	Balance 6/30/23	Additions	Reductions	Balance 6/30/24	Due Within One Year
<u>Direct Placement:</u>					
Revenue Bonds - Series A 2016	\$ 9,525,000	\$ -	\$ (9,525,000)	\$ -	\$ -
Add: Bond Premium	84,785	-	(4,463)	80,322	-
Revenue Bonds - Series 2023	-	30,000,000	-	30,000,000	-
Total Direct Placement	<u>9,609,785</u>	<u>30,000,000</u>	<u>(9,529,463)</u>	<u>30,080,322</u>	<u>-</u>
Lease Obligations	<u>3,348,230</u>	-	(3,348,230)	-	-
Total Long-term Obligations	<u>\$ 12,958,015</u>	<u>\$ 30,000,000</u>	<u>\$ (12,877,693)</u>	<u>\$ 30,080,322</u>	<u>\$ -</u>

Revenue Bonds - In July 2012, the Academy issued Revenue Bonds totaling \$10,140,000, with an underwriter's discount of \$228,150 and an original issue discount of \$187,639, with the Columbus-Franklin County Finance Authority. Under the terms of the bond agreement the Authority acquired the property at that time. The properties were leased back to the Academy through annual lease renewals through July 2042. In July 2016, the Academy refinanced the bonds at a premium, to realize savings from lower interest rates. This bond was paid in full during fiscal year 2024.

The reacquisition price exceeded the net carrying amount of the 2012 debt by \$378,579. The loss on refinancing is reported as "unamortized charges on bond refinancing".

The bonds were originally issued in two Series as follows:

Series A: Tax exempt redeemable lease revenue bonds totaling \$9,715,000. The Series A bears interest at 5.75%. Annual payments are interest only through fiscal 2022. Thereafter, monthly principal payments are required until maturity in July 2042.

Series B: Taxable redeemable lease revenue bonds totaling \$925,000. The Series B bears interest at 5.25%. Annual payments are interest only through fiscal 2018. Thereafter, monthly principal payments are required until maturity in July 2022.

The Academy's lease obligations meet the criteria of a capital lease as defined by the Standards and have been recorded in the financial statements. Land, Building, and Building Improvements are being depreciated over the useful life. Improvements were completed during the fiscal year.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

In December 2023, the Academy issued new Revenue Bonds totaling \$30,000,000, with an underwriter's discount of \$270,000, with the Columbus-Franklin County Finance Authority to refund the 2016 Series A Revenue bonds described above, purchase of two buildings and improvements, including a building the Academy was leasing from the former landlord (NACOT Place), as well as athletic fields. As part of the agreement, the Academy pays annually into an escrow account for future debt service and project funding through July 2053. The 2016 Series bond was paid in full during fiscal year 2024 with this new issuance.

The outstanding principal balance as of June 30, 2024 is \$30,000,000 (excluding premium) and interest payable of \$1,067,500. There are prepayment redemption premiums associated with the bond through 2033.

The Series 2023 Bonds require the Academy to comply with certain financial covenants including the requirement to maintain a certain amount of operating cash on hand, debt coverage ratio, minimum full time student enrollments, and financial statement filing deadline. As of June 30, 2024, the Academy is in compliance with those covenants. In the event of default under these covenants, the Academy must hire a management consultant to make recommendations to improve the financial health of the Academy. Regardless, if the Academy has retained a management consultant, any year in which the Academy does not meet certain covenants (debt service coverage ratio less than 1.20 to 1.00), the bond Trustee shall give notice to the bond holders and exercise one or more remedies as permitted. The bond Trustee may foreclose on the property in which sale proceeds will be applied to the redemption amounts. The bonds are secured by the facilities.

As part of the agreement for the leases, monies were deposited into several escrow accounts with UMB Bank. Payments for construction and financing activities have been paid from these accounts. Lease payments were made by the Academy to cover Bond interest and administrative fees due in January and July 2024 and to make deposits in reserve accounts. Funds were deposited from the initial bond proceeds into an operating reserve and a reserve fund for future operating and debt service needs. A supplemental reserve, to be used for future debt service is funded by payments of the base lease payment for the full bond term. The balances of the escrow and reserve accounts as of June 30, 2024 were \$238,783 and \$5,234,672 respectively. Interest in the amount of \$1,093,058 was paid during fiscal year 2024 on the bonds.

The balances of the bond escrow and reserve accounts as of June 30, 2024 are as follows:

Reserve Fund	\$ 238,783
Total Reserve Fund	\$ 238,783
Bond Service Fund	\$ 3,702,242
Project Fund	1,532,430
Total Escrow Accounts	\$ 5,234,672

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

The following is a schedule of remaining debt service on these obligations:

	Revenue			
	Bond Series 2023			
	Principal	Interest	Total Debt Service	
2025	\$ -	\$ 2,117,500	\$ 2,117,500	
2026	-	2,100,000	2,100,000	
2027	-	2,100,000	2,100,000	
2028	-	2,100,000	2,100,000	
2029	-	2,100,000	2,100,000	
2030-2034	2,730,000	10,047,450	12,777,450	
2035-2039	3,820,000	8,912,050	12,732,050	
2040-2044	5,365,000	7,319,375	12,684,375	
2045-2049	7,530,000	5,083,050	12,613,050	
2050-2054	10,555,000	1,946,875	12,501,875	
Total	\$ 30,000,000	\$ 43,826,300	\$ 73,826,300	

Lease Obligations: Effective July 1, 2022, the Academy entered into a lease with NACOT I LLC, for an initial term of six years with an additional two (2) two-year renewal options through June 30, 2032. Initial monthly base rent was \$40,558 with 2% annual increases. The lease contains no adjustment agreement. Under the lease agreement, the Academy is responsible for paying all utilities, maintenance and repairs, and applicable property taxes. This lease was canceled during 2024 as the School purchased the building from the landlord through the Series 2023 Revenue Bond issuance.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

NOTE 7 – RISK MANAGEMENT

Property and Liability - The Academy is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the Academy contracted with Brown & Brown of Marmora through The Hartford for property and general liability insurance.

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:	
Combined Single Limit	1,000,000
Buildings	6,950,000
Business Personal Property	607,800
Excess/Umbrella Liability:	
Each Occurrence	5,000,000
Aggregate Limit	5,000,000

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

NOTE 8 – PURCHASED SERVICES

For fiscal year ended June 30, 2024, purchased service expenses were for the following services:

<u>Purchased Services</u>	<u>Amount</u>
Personnel Services	\$ 6,729,634
Professional Services	3,580,657
Property Services	820,132
Utilities	243,545
Travel & Meetings	8,402
Communications	141,923
Contractual Trade	650,297
Pupil Transportation	23,306
Other	52,324
Total	<u>\$12,250,220</u>

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

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

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

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

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$119,929 for fiscal year 2024.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility charges will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was \$658,109 for fiscal year 2024.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0171079%	0.02868346%	
Prior Measurement Date	0.0130363%	0.02408757%	
Change in Proportionate Share	0.0040716%	0.00459589%	
Proportionate Share of the Net			
Pension Liability	\$ 945,297	\$ 6,176,966	\$ 7,122,263
Pension Expense	\$ 170,942	\$ 1,019,701	\$ 1,190,643

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 40,630	\$ 225,199	\$ 265,829
Changes of Assumptions	6,696	508,707	515,403
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	159,072	1,228,587	1,387,659
Academy Contributions Subsequent to the Measurement Date	119,929	658,109	778,038
Total Deferred Outflows of Resources	<u>\$ 326,327</u>	<u>\$ 2,620,602</u>	<u>\$ 2,946,929</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 13,709	\$ 13,709
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,285	18,514	31,799
Changes of Assumptions	-	382,910	382,910
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	118	175,869	175,987
Total Deferred Inflows of Resources	<u>\$ 13,403</u>	<u>\$ 591,002</u>	<u>\$ 604,405</u>

\$778,038 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ 66,311	\$ 340,957	\$ 407,268
2026	23,421	79,443	102,864
2027	102,558	798,880	901,438
2028	705	152,211	152,916
Total	<u>\$ 192,995</u>	<u>\$ 1,371,491</u>	<u>\$ 1,564,486</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, and 2022 are presented below:

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 percent. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return, 7.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

	1% Decrease	Current Discount Rate	1% Increase
Academy 's Proportionate Share of the Net Pension Liability	\$ 1,395,214	\$ 945,297	\$ 566,332

Actuarial Assumptions - STRS

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

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

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

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

*Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	\$ 9,498,805	\$ 6,176,966	\$ 3,367,597

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population.

For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Academy's surcharge obligation was \$7,555. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org 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, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0161783%	0.02868346%	
Prior Measurement Date	0.0127723%	0.02408757%	
Change in Proportionate Share	0.0034060%	0.00459589%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 266,529	\$ (557,854)	
OPEB Expense	\$ 3,654	\$ (17,315)	\$ (13,661)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 557	\$ 870	\$ 1,427
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	2,067	997	3,064
Changes of Assumptions	90,117	82,180	172,297
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	103,295	15,833	119,128
Academy Contributions Subsequent to the Measurement Date	7,555	-	7,555
Total Deferred Outflows of Resources	\$ 203,591	\$ 99,880	\$ 303,471
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 137,460	\$ 85,083	\$ 222,543
Changes of Assumptions	75,698	368,066	443,764
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	18,032	22,411	40,443
Total Deferred Inflows of Resources	\$ 231,190	\$ 475,560	\$ 706,750

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

\$7,555 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (20,863)	\$ (157,052)	\$ (177,915)
2026	(20,582)	(74,343)	(94,925)
2027	(9,910)	(30,664)	(40,574)
2028	(4,550)	(41,531)	(46,081)
2029	(4,409)	(38,618)	(43,027)
Thereafter	25,160	(33,472)	(8,312)
Total	<u>\$ (35,154)</u>	<u>\$ (375,680)</u>	<u>\$ (410,834)</u>

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.

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return,

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020, five-year experience study, are summarized as follows:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB Liability	\$ 340,700	\$ 266,529	\$ 208,042
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB Liability	\$ 195,809	\$ 266,529	\$ 360,241

Actuarial Assumptions – STRS

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

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

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

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

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

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

*Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB asset was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB asset as of June 30, 2023.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net OPEB (Asset)	\$ (472,150)	\$ (557,854)	\$ (632,492)
	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB (Asset)	\$ (635,956)	\$ (557,854)	\$ (463,781)

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

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

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

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, 2024.

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

NOTE 12 - SPONSOR

The Academy was approved for operation under a contract renewal with St. Aloysius Orphanage (the Sponsor) for a period of five academic years commencing June 30, 2016, which was subsequently renewed. As part of this contract, the Sponsor is entitled to a maximum of 3% of the foundation funds received by the Academy from the state. Total amount due and paid for year ended June 30, 2024 was \$303,648.

NOTE 13 – MANAGEMENT COMPANY AND MANAGEMENT COMPANY EXPENSES

The Academy entered into an agreement with Accel Schools, a management company, to provide legal, financial, and other management support services for fiscal year 2024. The agreement was for a period of five years beginning July 1, 2016. Management fees are calculated as 12.5% of the Academy's State Revenue, plus \$20,000 for managing Federal Funds. The total amount due from the Academy for the fiscal year ending June 30, 2024 was \$1,546,314 and is included under "Purchased Services" on the Statement of Revenues, Expenses and Changes in Net Position.

Also, per the management agreement, there are expenses that were billed to the Academy based on the actual costs incurred by Accel Schools. These include the costs of providing education and other administrative services to the Schools, as well as interest expense. The total amount billed to the Academy inclusive of management fees during the year was \$6,189,684.

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

The following table is a summary of the management company expenses during fiscal year 2024:

Cornerstone Academy Community School	Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Support Services (2000 Function Codes)	Total
<i>Direct Expenses:</i>				
Salaries & Wages (100 Object Codes)	\$ 3,666,620	\$ 183,008	\$ 953,097	\$ 4,802,725
Employee's Benefits (200 Object Codes)	552,836	28,029	143,044	723,909
Professional & Technical Services (410 Object Codes)	31,065	-	79,330	110,395
Property Services (420 Object Codes)	-	-	-	-
Supplies (500 Object Code)	384,758	-	5,133	389,891
Other direct costs (All other object codes)	15,558	-	147,206	162,764
<i>Indirect Expenses:</i>				
Overhead	-	-	769,707	769,707
Total Expenses	\$ 4,650,837	\$ 211,037	\$ 2,097,517	\$ 6,959,391

Accel Schools charges expenses benefiting more than one Academy (i.e. overhead) are pro-rated based on full time equivalent (FTE) head count as of June 30, 2024 by each Academy it manages.

NOTE 14 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academy's Proportion of the Net Pension Liability	0.0171079%	0.0130363%	0.0130396%	0.0114275%	0.0118462%	0.0102826%	0.0097545%	0.0086012%	0.007392%	0.000576%
Academy's Proportionate Share of the Net Pension Liability	\$ 945,297	\$ 705,104	\$ 481,125	\$ 755,839	\$ 708,778	\$ 588,903	\$ 582,809	\$ 629,528	\$ 421,818	\$ 291,460
Academy's Covered Payroll	\$ 678,714	\$ 486,979	\$ 450,093	\$ 400,621	\$ 406,393	\$ 363,422	\$ 294,543	\$ 314,771	\$ 22,253	\$ 169,026
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.28%	144.79%	106.89%	188.67%	174.41%	162.04%	197.87%	200.00%	1895.52%	172.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

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

See accompanying notes to the required supplementary information

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academy's Proportion of the Net Pension Liability	0.02868346%	0.02408757%	0.02584140%	0.02148094%	0.01882427%	0.01587339%	0.01491839%	0.01424989%	0.01374776%	0.01269290%
Academy's Proportionate Share of the Net Pension Liability	\$ 6,176,966	\$ 5,354,696	\$ 3,304,055	\$ 5,197,624	\$ 4,162,874	\$ 3,490,203	\$ 3,543,896	\$ 4,769,868	\$ 3,799,479	\$ 3,087,353
Academy's Covered Payroll	\$ 3,874,229	\$ 3,131,500	\$ 3,188,657	\$ 2,592,414	\$ 2,210,043	\$ 1,804,536	\$ 1,640,093	\$ 1,514,186	\$ 1,434,350	\$ 1,396,623
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.44%	170.99%	103.62%	200.49%	188.36%	193.41%	216.08%	315.01%	264.89%	221.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.02%	78.90%	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%

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

See accompanying notes to the required supplementary information

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 119,929	\$ 95,020	\$ 68,177	\$ 63,013	\$ 56,087	\$ 54,863	\$ 49,062	\$ 41,236	\$ 44,068	\$ 2,933
Contributions in Relation to the Contractually Required Contribution	(119,929)	(95,020)	(68,177)	(63,013)	(56,087)	(54,863)	(49,062)	(41,236)	(44,068)	(2,933)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy Covered Payroll	\$ 856,636	\$ 678,714	\$ 486,979	\$ 450,093	\$ 400,621	\$ 406,393	\$ 363,422	\$ 294,543	\$ 314,771	\$ 22,253
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 658,109	\$ 542,392	\$ 438,410	\$ 446,412	\$ 362,938	\$ 309,406	\$ 252,635	\$ 229,613	\$ 211,986	\$ 200,809
Contributions in Relation to the Contractually Required Contribution	<u>(658,109)</u>	<u>(542,392)</u>	<u>(438,410)</u>	<u>(446,412)</u>	<u>(362,938)</u>	<u>(309,406)</u>	<u>(252,635)</u>	<u>(229,613)</u>	<u>(211,986)</u>	<u>(200,809)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 4,700,779	\$ 3,874,229	\$ 3,131,500	\$ 3,188,657	\$ 2,592,414	\$ 2,210,043	\$ 1,804,536	\$ 1,640,093	\$ 1,514,186	\$ 1,434,350
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.0161783%	0.0127723%	0.0135168%	0.0119431%	0.0121254%	0.0105480%	0.0099390%	0.0087350%
Academy's Proportionate Share of the Net OPEB Liability	\$ 266,529	\$ 179,324	\$ 255,817	\$ 259,563	\$ 304,929	\$ 292,630	\$ 266,737	\$ 248,981
Academy's Covered Payroll	\$ 678,714	\$ 486,979	\$ 450,093	\$ 400,621	\$ 406,393	\$ 363,422	\$ 294,543	\$ 314,771
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.27%	36.82%	56.84%	64.79%	75.03%	80.52%	90.56%	79.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability/Asset	0.02868346%	0.02408757%	0.02584140%	0.02148094%	0.01882427%	0.01587339%	0.01491839%	0.01424989%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (557,854)	\$ (623,707)	\$ (544,845)	\$ (377,527)	\$ (311,775)	\$ (255,070)	\$ 582,061	\$ 762,088
Academy's Covered Payroll	\$ 3,874,229	\$ 3,131,500	\$ 3,188,657	\$ 2,592,414	\$ 2,210,043	\$ 1,804,536	\$ 1,640,093	\$ 1,514,186
Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.40%	-19.92%	-17.09%	-14.56%	-14.11%	-14.13%	35.49%	50.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	168.52%	174.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

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

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

See accompanying notes to the required supplementary information

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (1)	\$ 7,555	\$ 4,135	\$ 5,490	\$ 9,013	\$ 8,074	\$ 9,364	\$ 8,032	\$ 6,462	\$ 4,500	\$ 182
Contributions in Relation to the Contractually Required Contribution	<u>(7,555)</u>	<u>(4,135)</u>	<u>(5,490)</u>	<u>(9,013)</u>	<u>(8,074)</u>	<u>(9,364)</u>	<u>(8,032)</u>	<u>(6,462)</u>	<u>(4,500)</u>	<u>(182)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Academy Covered Payroll	\$ 856,636	\$ 678,714	\$ 486,979	\$ 450,093	\$ 400,621	\$ 406,393	\$ 363,422	\$ 294,543	\$ 314,771	\$ 22,253
OPEB Contributions as a Percentage of Covered Payroll (1)	0.88%	0.61%	1.13%	2.00%	2.02%	2.30%	2.21%	2.19%	1.43%	0.82%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 4,700,779	\$ 3,874,229	\$ 3,131,500	\$ 3,188,657	\$ 2,592,414	\$ 2,210,043	\$ 1,804,536	\$ 1,640,093	\$ 1,514,186	\$ 1,434,350
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - NET PENSION LIABILITY

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

Changes in Assumptions - SERS

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

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

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

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

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

Changes in Benefit Terms - SERS

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

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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

Changes in Assumptions – STRS

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

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

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

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Changes in Benefit Terms - STRS

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

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

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

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

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

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

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Changes in Assumptions – STRS

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

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

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

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

Changes in Benefit Terms – STRS

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

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

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

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

CORNERSTONE ACADEMY - FRANKLIN COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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.

**THE CORNERSTONE ACADEMY COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal Assistance Listing Number	Grant Year	Expenses
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2024	\$ 138,653
National School Lunch Program	10.555	2024	313,690
Total Child Nutrition Cluster			<u>452,344</u>
<i>Total U.S. Department of Agriculture</i>			452,344
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I	84.010A	2024	598,090
<i>Special Education Cluster (IDEA):</i>			
Special Education--Grants to States (IDEA, Part B)	84.027	2024	215,659
Title III Language Instr for English Learners	84.365A	2024	28,416
Title IV-A Student Support and Academic Enrichment Grant - Stronger Connections	84.424F	2024	<u>15,248</u>
<i>Total U.S. Department of Education</i>			<u>857,413</u>
Total Federal Financial Assistance			<u>\$ 1,309,756</u>

The accompanying notes are an integral part of this Schedule.

**THE CORNERSTONE ACADEMY COMMUNITY SCHOOL
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, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Cornerstone Academy Community School, Franklin County, Ohio (the School) under programs of the federal government for the year ended June 30, 2024. 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 School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE D – TRANSFERS

The School generally must spend Federal assistance within 15 months of receipt. However, with Ohio Department of Education (ODE) approval, an School (carryover) unspent Federal assistance to the succeeding year, thus allowing the School a total of 27 months to spend the assistance.

NOTE E – CHILD NUTRITION CLUSTER

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
REQUIRED BY GOVERNMENT AUDITING STANDARDS

Cornerstone Academy
Franklin County
6025 East Walnut Street
Westerville, Ohio 43081

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Cornerstone Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 27, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Academy's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

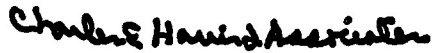
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Charles E. Harris".

Charles E. Harris & Associates, Inc.
December 27, 2024

Charles E. Harris & Associates, Inc.

Certified Public Accountants

5510 Pearl Road Ste 102

Parma, OH 44129-2550

Phone - (216) 575-1630

Fax - (216) 436-2411

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Cornerstone Academy
Franklin County
6025 East Walnut Street
Westerville, Ohio 43081

To the Board of Trustees:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Cornerstone Academy, Franklin County, Ohio's (the Academy) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2024. The Academy's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Academy's management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Academy's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Academy's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

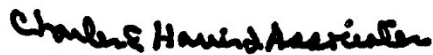
Report on Internal Control Over Compliance

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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

December 27, 2024

Cornerstone Academy
Franklin County

Schedule of Findings
2 CFR § 200.515
June 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I - AL # 84.010A
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



CORNERSTONE 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 6/10/2025

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

This report is a matter of public record and is available online at
www.ohioauditor.gov