

GLOBAL IMPACT STEM ACADEMY

CLARK COUNTY

Regular Audit

For the Year Ended June 30, 2024





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Columbus, Ohio 43215
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800-282-0370

Board Members
Global Impact STEM Academy
700 S. Limestone Street
Springfield, Ohio 45505

We have reviewed the *Independent Auditor's Report* of the Global Impact STEM Academy, Clark 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 Global Impact STEM Academy is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 26, 2025

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**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY
REGULAR AUDIT
For the Year Ending June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Global Impact STEM Academy
Clark County
700 S. Limestone Street
Springfield, Ohio 45505

To the Governing Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Global Impact STEM Academy, Clark 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 respective 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 Opinions

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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

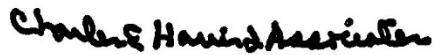
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 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 26, 2024

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

The management's discussion and analysis of the Global Impact STEM Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ending June 30, 2024. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance. The Academy began accepting students and State Foundation revenue in July 2013 and fiscal year 2014 was the first year of the Academy's operations.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- Net position at June 30, 2024 was \$14,751,426, including unrestricted net position of \$7,374,335. This represents an increase of \$2,428,754 compared to the prior fiscal year's net position.
- The Academy had total revenues of \$10,057,756, including operating revenues of \$7,446,363 and non-operating revenues of \$2,611,393; these revenues supported operating expenses of \$7,421,759 and non-operating expenses of \$207,243 during fiscal year 2024.

Using the Basic Financial Statements

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

Reporting the Academy Financial Activities

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

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

These two statements report the Academy's net position and changes in net position. This change in net position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report. The statement of cash flows can be found on page 10.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 12-22 of this report.

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

The table below provides a summary of the Academy's net position at June 30, 2024 and June 30, 2023.

Net Position		
	2024	2023
<u>Assets</u>		
Current assets	\$ 8,247,368	\$ 7,816,954
Capital assets, net	<u>13,201,726</u>	<u>9,916,459</u>
Total assets	<u>21,449,094</u>	<u>17,733,413</u>
<u>Liabilities</u>		
Current liabilities	1,502,408	1,223,166
Non-current liabilities	<u>5,195,260</u>	<u>4,187,575</u>
Total liabilities	<u>6,697,668</u>	<u>5,410,741</u>
<u>Net position</u>		
Net investment in capital assets	7,314,628	5,226,089
Restricted	62,463	61,927
Unrestricted	<u>7,374,335</u>	<u>7,034,656</u>
Total net position	<u>\$ 14,751,426</u>	<u>\$ 12,322,672</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the Academy's assets exceeded liabilities by \$14,751,426. Of this total, \$62,463 is restricted in use and \$7,374,335 is unrestricted.

Assets

Current assets at June 30, 2024 consist primarily of cash and cash equivalents. Current assets also include receivables and prepayments. The increase in current assets is primarily due to an increase in cash and cash equivalents as the Academy experienced a positive cash flow in fiscal year 2024. The Academy's capital assets consist of construction in progress, leasehold improvements, furniture and equipment, vehicles, and intangible right to use assets for buildings, equipment, and software. Capital assets are used to provide services to the students and are not available for future spending; therefore, the Academy's net investment in capital assets is presented as a separate component of net position.

Liabilities

Current liabilities consist of accounts and intergovernmental payables, as well as the portion of the Academy's lease, note, and loan obligations that are due within one year. Intergovernmental payables are primarily amounts owed to the Academy's fiscal agent, the Educational Service Center Council of Governments. Non-current liabilities at June 30, 2024 consist of a long-term intergovernmental payable, notes payable, loans payable, and leases payable. Overall, liabilities increased as the Academy entered into a loan agreement to help finance the current construction project.

**GLOBAL IMPACT STEM ACADEMY
CLARK 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 fiscal years 2024 and 2023.

	Change in Net Position	
	2024	2023
<u>Operating revenues:</u>		
State Foundation	\$ 7,205,153	\$ 6,046,769
Tuition and fees	130,885	118,333
Sales and charges for services	109,633	126,704
Miscellaneous	692	1,129
Total operating revenues	<u>7,446,363</u>	<u>6,292,935</u>
<u>Operating expenses:</u>		
Purchased services	6,127,904	5,389,508
Materials and supplies	256,636	319,685
Other	174,934	165,485
Depreciation/amortization	862,285	831,642
Total operating expenses	<u>7,421,759</u>	<u>6,706,320</u>
<u>Non-operating revenues (expenses):</u>		
Federal, State and local grants	2,183,986	793,499
Interest earnings	397,990	215,049
Loss on disposal of capital assets	(6,746)	-
Contributions and donations	29,417	3,200
Interest and fiscal charges	(200,497)	(136,982)
Total non-operating revenues (expenses)	<u>2,404,150</u>	<u>874,766</u>
Change in net position	<u>2,428,754</u>	<u>461,381</u>
Net position at the beginning of the fiscal year	<u>12,322,672</u>	<u>11,861,291</u>
Net position at the end of the fiscal year	<u><u>\$ 14,751,426</u></u>	<u><u>\$ 12,322,672</u></u>

As the preceding table illustrates, the Academy's primary source of revenue is State Foundation revenue, which is allocated to schools throughout the State based on Full Time Equivalent (FTE) students reported by the schools. The Academy's FTE increased slightly to 661 in fiscal year 2024, up from 645 in the prior year. All other Federal, State and local grants are reported as non-operating revenues. Although Federal grant funding decreased slightly, these revenues were higher in fiscal year 2024 due to additional State grants for the High Quality STEM School Support program, which amounted to approximately \$1.67 million. The Academy also receives interest earnings on its investments in STAR Ohio and a certificate of deposit.

The main component of expenses for the Academy is purchased services, which accounted for 82.6% of all operating expenses in fiscal year 2024. These expenses consist primarily of professional and technical services, including payments made under the Academy's services contract with the Educational Service Center Council of Governments. Refer to Note 9 in the notes to the basic financial statements for additional detail on the components of purchased services expenses. Beginning in fiscal year 2023 the Academy is reporting a non-operating expense for interest and fiscal charges on its lease, note, and loan obligations.

Capital Assets

At June 30, 2024, the Academy's capital assets consist of construction in progress, leasehold improvements, intangible right to use assets for buildings, equipment, and software, furniture and equipment, and vehicles in the amount of \$13,201,726 (net of accumulated depreciation/amortization). Capital asset acquisitions in fiscal year 2024 were \$4,154,298 and net disposals amounted to \$6,746. The Academy recognized \$862,285 in depreciation/amortization expense. The most significant acquisition during the year was construction in progress in the amount of \$3,838,822 for a new facilities expansion project. Refer to Note 6 in the notes to the basic financial statements for detail on the Academy's capital assets.

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

Debt Administration

The Academy's long-term debt outstanding at June 30, 2024 consists of notes payable in the amount of \$194,298, loans payable in the amount of \$1,634,137 and leases payable of \$4,034,685. Notes payable consist of two financed purchase agreements to acquire laptop computers. Loans payable consist of a bank loan entered into in fiscal year 2024 to help finance the construction project. The leases payable represent the liability for the right to use a building and various equipment such as copiers. See Note 7 in the notes to the basic financial statements for more detail on these obligations.

Current Issues

The Academy receives approximately 96.8% of its operating revenues from the Ohio Department of Education and Workforce in the form of State Foundation revenues. Thus, the Academy is heavily reliant on the State funding formula in its ability to continue to provide quality educational services to its students. Currently the Academy's allocation for fiscal year 2024 is approximately \$7.77 million.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens, 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 questions about this report or need additional financial information contact Tammy Rizzo, Treasurer of the Global Impact STEM Academy, 2080 Citygate Drive, Columbus, Ohio 43219.

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2024**

Assets:

Current assets:

Equity in pooled cash and cash equivalents	\$ 8,128,985
Receivables:	
Accounts	40,585
Intergovernmental	68,558
Prepayments	<u>9,240</u>
Total current assets	<u>8,247,368</u>
Non-current assets:	
Capital assets, not depreciated/amortized	4,634,948
Capital assets being depreciated/amortized, net	<u>8,566,778</u>
Total non-current assets	<u>13,201,726</u>
Total assets	<u>21,449,094</u>

Liabilities:

Current liabilities:

Accounts payable	28,972
Contracts payable	23,978
Leases payable	284,672
Intergovernmental payable	669,346
Accrued interest payable	32,874
Notes payable	149,773
Loans payable	<u>312,793</u>
Total current liabilities	<u>1,502,408</u>
Non-current liabilities:	
Intergovernmental payable	79,378
Notes payable	44,525
Loans payable	1,321,344
Leases payable	<u>3,750,013</u>
Total non-current liabilities	<u>5,195,260</u>
Total liabilities	<u>6,697,668</u>

Net position:

Net investment in capital assets	7,314,628
Restricted for locally funded programs	62,463
Unrestricted	<u>7,374,335</u>
Total net position	<u>\$ 14,751,426</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Operating revenues:

State Foundation	\$ 7,205,153
Tuition and fees	130,885
Sales and charges for services	109,633
Miscellaneous	692
Total operating revenues	<u>7,446,363</u>

Operating expenses:

Purchased services	6,127,904
Materials and supplies	256,636
Other	174,934
Depreciation/amortization	862,285
Total operating expenses	<u>7,421,759</u>
Operating income	<u>24,604</u>

Non-operating revenues (expenses):

Federal, State and local grants	2,183,986
Interest revenue	397,990
Contributions and donations	29,417
Interest and fiscal charges	(200,497)
Loss on disposal of capital assets	(6,746)
Total nonoperating revenues (expenses)	<u>2,404,150</u>
Change in net position	<u>2,428,754</u>
Net position at beginning of fiscal year	<u>12,322,672</u>
Net position at end of fiscal year	<u>\$ 14,751,426</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Cash flows from operating activities:

Cash received from State Foundation	\$ 7,163,690
Cash received from tuition and fees	119,481
Cash received from sales and charges for services	109,633
Cash received from miscellaneous sources	692
Cash payments for purchased services	(6,045,380)
Cash payments for materials and supplies	(254,995)
Cash payments for other expenses	<u>(169,901)</u>
Net cash provided by operating activities	<u>923,220</u>

Cash flows from noncapital financing activities:

Cash received from Federal, State and local grants	2,177,617
Cash received from contributions and donations	<u>29,417</u>
Net cash provided by noncapital financing activities	<u>2,207,034</u>

Cash flows from capital and related financing activities:

Loan proceeds	1,750,000
Interest and fiscal charges	(185,010)
Principal retirement	(430,083)
Acquisition of capital assets	<u>(4,277,487)</u>
Net cash used in capital and related financing activities	<u>(3,142,580)</u>

Cash flows from investing activities:

Interest received	397,990
Net cash provided by investing activities	<u>397,990</u>
Net increase in cash and cash equivalents	385,664
Cash and cash equivalents at beginning of fiscal year	7,743,321
Cash and cash equivalents at end of fiscal year	<u>\$ 8,128,985</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 24,604
Adjustments:	
Depreciation/amortization	862,285
Changes in assets and liabilities:	
Increase in accounts receivable	(8,710)
Increase in intergovernmental receivable	(43,826)
Decrease in prepayments	14,155
Increase in accounts payable	7,005
Increase in intergovernmental payable	<u>67,707</u>
Net cash provided by operating activities	<u>\$ 923,220</u>

Non-cash transactions:

In fiscal year 2024, the Academy entered into lease agreements in the amount of \$27,977 to acquire intangible right to use capital assets.

In fiscal year 2024, the Academy acquired capital assets in the amount of \$133,640 via a financed purchase agreement.

At June 30, 2024, capital assets purchased on account amounted to \$23,978.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Global Impact STEM Academy (the “Academy”) is a legally separate nonprofit corporation served by an appointed nine-member Governing Board and meets the definition of a science, technology, engineering, and math (STEM) school under chapter 3326 of the Ohio Revised Code. Founded in 2013 in Springfield, Ohio, the Academy was created to address industry challenges and solutions that can tackle to solve the issues of tomorrow (and today). The Academy delivers an innovative and relevant curriculum through an interdisciplinary, project-driven school day. Equipped with their own unique skill-sets, our students are then plugged into post-secondary institutions and organizations throughout the state in fields of bioscience, energy, environment, agriculture, and more. The Academy offers education for children in the seventh through twelfth grade.

The Academy has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

The Academy’s Governing Board advises and assists the Academy staff on curriculum, Academy evaluation and research, professional development, funding and community relations. Nine members serve on the Governing Board, including representatives from Clark State Community College, Wright State University, Springfield City School, and local business entrepreneurs. The Academy’s director and staff oversee the day-to-day operations of the school.

The Educational Service Center Council of Governments (ESCCOG) serves as the fiscal agent for the Academy (See Note 11).

Reporting Entity:

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Academy. For the Academy, this includes instructional activities of the Academy.

Component units are legally separate organizations for which the Academy is financially accountable. The Academy is financially accountable for an organization if the Academy appoints a voting majority of the organization’s Governing Board and (1) the Academy is able to significantly influence the programs or services performed or provided by the organization; or (2) the Academy is legally entitled to or can otherwise access the organization’s resources; or (3) the Academy is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Academy is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Academy in that the Academy approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s basic financial statements incomplete or misleading. Based upon the application of these criteria, the Academy has no component units. The basic financial statements of the reporting entity include only those of the Academy (the primary government).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

B. Measurement Focus

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a "flow of economic resources" measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position.

C. 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. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted and all eligibility requirements have been met; eligibility requirements include matching requirements, in which the 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. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, STEM schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705. Ohio Revised Code 5705.391 does require the School to prepare a five-year projection.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the Academy is pooled in a central bank account. Monies for the Academy are maintained in this account or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

During fiscal year 2024, the Academy invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Academy measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

There are no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

F. Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

G. Capital Assets

The Academy's capital assets during fiscal year 2024 consisted of construction in progress, leasehold improvements, intangible right to use assets for leased buildings, furniture and equipment, and vehicles. 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 values as of the date received. The Academy maintains a capitalization threshold of \$1,000. The Academy does not have any infrastructure. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets at June 30, 2024 except construction in progress are depreciated/amortized. This is computed using the straight-line method over useful lives ranging from 3-20 years for furniture and equipment, 8 years for vehicles, and 5-18 years for leasehold improvements. The intangible right to use assets are amortized over the shorter of the lease/subscription term or the estimated useful life of the underlying asset. This is currently 18 years for leased buildings, 5 years for leased equipment, and 2 years for software.

H. Net Position

Net position represents the difference between assets and liabilities. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

I. Intergovernmental Revenue

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.

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

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The remaining grants and entitlements received by the Academy are recognized as non-operating revenues in the accounting period in which all 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 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.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the basic financial statements.

K. Estimates

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

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary cost 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.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Governing Board and that are either unusual in nature or infrequent in occurrence. The Academy had no extraordinary or special items during fiscal year 2024.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2024, the Academy has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the Academy.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Academy.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Academy.

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Governing Board has identified as not required for use within the current five year period of designation of depositories.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following securities:

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

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Academy, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all Academy deposits was \$2,754,174 and the bank balance of all Academy deposits was \$2,767,773. Of the bank balance, \$500,000 was covered by the FDIC and \$2,267,773 was potentially exposed to custodial credit risk because those deposits were uninsured and could be uncollateralized. All statutory requirements for the deposit of money have been followed.

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. The Academy has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the Academy and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the Academy's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS.

B. Investments

As of June 30, 2024, the Academy had the following investment:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturity</u>
<i>Amortized Cost:</i>		
STAR Ohio	\$ 5,374,811	\$ 5,374,811

The weighted average maturity of STAR Ohio is approximately 45 days.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Academy's investment policy requires that operating funds be invested primarily in investments so that the securities mature to meet cash requirements for ongoing operations and long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Academy's investment policy does not specifically address credit risk beyond requiring the Academy to invest in securities authorized by State statute.

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Academy's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The Academy places no limit on the amount that may be invested in any one issuer.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2024 consist of tuition and fees for services provided, reimbursements and intergovernmental grants and entitlements. All receivables are considered collectible in full and are expected to be collected within the subsequent fiscal year.

NOTE 6 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/23</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/234</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Construction in progress	\$ 796,126	\$ 3,838,822	\$ -	\$ 4,634,948
Total capital assets, not being depreciated/amortized	<u>796,126</u>	<u>3,838,822</u>	<u>-</u>	<u>4,634,948</u>
<i>Capital assets, being depreciated/amortized:</i>				
Leashold improvements	6,473,644	16,630	-	6,490,274
Intangible right to use - buildings	4,711,205	-	-	4,711,205
Furniture and equipment	1,003,418	270,869	(26,006)	1,248,281
Intangible right to use - equipment	44,804	27,977	-	72,781
Intangible right to use - software	30,180	-	-	30,180
Vehicles	<u>29,185</u>	<u>-</u>	<u>-</u>	<u>29,185</u>
Total capital assets, being depreciated/amortized	<u>12,292,436</u>	<u>315,476</u>	<u>(26,006)</u>	<u>12,581,906</u>
<i>Less: accumulated depreciation/amortization</i>				
Leashold improvements	(2,095,977)	(350,976)	-	(2,446,953)
Intangible right to use - buildings	(673,029)	(336,515)	-	(1,009,544)
Furniture and equipment	(367,182)	(143,121)	19,260	(491,043)
Intangible right to use - equipment	(2,987)	(13,748)	-	(16,735)
Intangible right to use - software	(15,904)	(14,276)	-	(30,180)
Vehicles	<u>(17,024)</u>	<u>(3,649)</u>	<u>-</u>	<u>(20,673)</u>
Total accumulated depreciation/amortization	<u>(3,172,103)</u>	<u>(862,285)</u>	<u>19,260</u>	<u>(4,015,128)</u>
Total capital assets, net	<u>\$ 9,916,459</u>	<u>\$ 3,292,013</u>	<u>\$ (6,746)</u>	<u>\$ 13,201,726</u>

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 7 - LONG-TERM OBLIGATIONS

The following tables summarizes the Academy's long-term obligations activity in fiscal year 2024.

	Balance at 06/30/23	Additions	Reductions	Balance at 06/30/24	Due Within One Year
Leases payable	\$ 4,274,667	\$ 27,977	\$ (267,959)	\$ 4,034,685	\$ 284,672
Notes payable - financed purchase	106,919	133,640	(46,261)	194,298	149,773
Loans Payable	-	1,750,000	(115,863)	1,634,137	312,793
Intergovernmental payable	114,617	58,251	(45,074)	127,794	48,416
 Total long-term obligations	 \$ 4,496,203	 \$ 1,969,868	 \$ (475,157)	 \$ 5,990,914	 \$ 795,654

Intergovernmental payable: The Academy's employees are employed by the Educational Service Center Council of Governments (ESCCOG). Sick and vacation leave payouts for these employees are paid by the ESCCOG and subsequently reimbursed by the Academy. The intergovernmental payable reported as a long-term obligation represents the sick and vacation leave balances for the Academy's employees in accordance with GASB Statement No. 16.

Leases payable: Effective July 1, 2015, the Academy entered into a lease to rent a building from the Springfield City School District (the "School District"). The initial lease term is twenty years, with automatic one year renewals after the initial term, unless either party provides written notice of termination at least eighteen months prior to the end of the initial term, or at least six months prior to the end of the then current renewal period, as applicable.

On June 27, 2019, the Academy and the School District amended and restated this lease, effective July 1, 2019. The initial lease term remained unchanged, expiring June 30, 2035. The Academy is responsible for utilities and maintaining adequate insurance. Lease payments are due monthly. Currently, the monthly rent for each fiscal year is subject to an increase of two percent annually. The Academy and the School District will reconvene in June 2024 and every five years thereafter for the term of the lease to discuss whether to execute a written amendment to the payment terms.

The Academy currently has three outstanding leases for the right to use copiers and other equipment. The lease term for each lease is 60 months. Payments are due monthly in advance, with final payment due in September 2028.

The following is a schedule of future payments on the lease obligations:

Fiscal Year	Principal	Interest	Total
2025	\$ 284,672	\$ 118,169	\$ 402,841
2026	301,454	109,116	410,570
2027	318,917	99,536	418,453
2028	333,699	89,427	423,126
2029	339,973	79,220	419,193
2030 - 2034	1,992,482	227,811	2,220,293
2035	463,488	7,566	471,054
 Total	 \$ 4,034,685	 \$ 730,845	 \$ 4,765,530

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

Notes payable: In fiscal years 2022 and 2024, the Academy entered into a financed purchase agreement with Apple Inc. to acquire laptops. Payments are due annually with the final payment due on May 1, 2026. The following is a schedule of future payments on the note obligations:

Fiscal Year	Principal	Interest	Total
2025	\$ 149,773	\$ 21,289	\$ 171,062
2026	44,525	1,736	46,261
Total	<u><u>\$ 194,298</u></u>	<u><u>\$ 23,025</u></u>	<u><u>\$ 217,323</u></u>

Loans payable: On November 8, 2023, the Academy signed a loan agreement with NCF Savings Bank to finance building construction and improvements. The loan principal received in fiscal year 2024 is \$1,750,000 which is payable over a 5 year term. Payments are due monthly, with the final payment due on January 1, 2029. The interest rate on the loan is 7%. The Academy was approved for two additional loans as part of this agreement; however the loans were not disbursed until fiscal year 2025 (see Note 13 for detail). The following is a schedule of future payments on the loan: discussed in Note 7, a portion of the Academy's intergovernmental payable liability represents a long-term payable to the ESCCOG. The following is a summary of other intergovernmental payables incurred by the Academy for fiscal year 2023:

Fiscal Year	Principal	Interest	Total
2025	\$ 312,793	\$ 105,957	\$ 418,750
2026	335,729	83,021	418,750
2027	360,347	58,403	418,750
2028	386,697	32,053	418,750
2029	238,571	5,700	244,271
Total	<u><u>\$ 1,634,137</u></u>	<u><u>\$ 285,134</u></u>	<u><u>\$ 1,919,271</u></u>

NOTE 8 - INTERGOVERNMENTAL PAYABLES

As discussed in Note 7, a portion of the Academy's intergovernmental payable liability represents a long-term payable to the ESCCOG. The following is a summary of other intergovernmental payables incurred by the Academy for fiscal year 2024:

Description	Amount
Payable to ESCCOG	\$ 519,639
College Credit Plus Adjustment Payable to the Ohio Department of Education	81,323
Payable to Other Governmental Entities	<u>19,968</u>
Total	<u>\$ 620,930</u>

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 9 - PURCHASED SERVICES

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

Professional and technical services *	\$ 5,118,691
Property services	253,053
Travel mileage and meetings	10,525
Communications	107,468
Utilities	33,812
Tuition	160,004
Pupil transportation services	33,785
Other	<u>410,566</u>
 Total	 <u>\$ 6,127,904</u>

* Professional and technical services includes \$4,885,749 in salary and benefit related expenses specific to Academy employees who are employed by the ESCCOG.

NOTE 10 - RISK MANAGEMENT

The Academy is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2024, the Academy has purchased commercial general liability and terrorism coverage. Settled claims have not exceeded this commercial coverage in the past three fiscal years and there has been no significant reduction in coverage from the prior fiscal year.

NOTE 11 - SERVICE AGREEMENT

The Academy entered into a service contract with the ESCCOG for fiscal year 2024 to provide fiscal, payroll, and Comprehensive Continuous Improvement Planning (CCIP) consulting services. The ESCCOG shall perform the following services for the Academy in accordance with the service agreement:

- Month End Accounting
- Accounts Payable/Receivable
- Payroll
- Accounting/Fiscal Support/Tax Reporting/General Office Support
- EMIS/Recordkeeping

NOTE 12 - CONTINGENCIES

A. Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. 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.

**GLOBAL IMPACT STEM ACADEMY
CLARK COUNTY, OHIO**

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

NOTE 12 - CONTINGENCIES - (Continued)

B. State Foundation Funding

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

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

As of the date of this report, additional ODE adjustments for fiscal year 2024 are finalized. The results of any ODE adjustments are nominal.

C. Litigation

The Academy is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements at June 30, 2024.

NOTE 13 – SUBSEQUENT EVENTS

As part of the loan agreement with NCF Savings Bank on November 8, 2023 (see Note 7), the Academy was approved for two additional loans of \$585,000 and \$9,360,000 to finance building construction and improvements. The Academy began drawing on the loans as needed for construction costs, beginning in September 2024. Both loans have a fixed interest rate of 7.95% for the first six years, which then adjusts every five years thereafter based on the 5 Year Treasury yield. The rate cap is 2% per adjustment period, and 6% over the life of the loan with a maximum interest rate of 13.95%. The loans will be repaid over a 25 year period.

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

Global Impact STEM Academy
Clark County
700 S. Limestone Street
Springfield, Ohio 45505

To the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Global Impact STEM Academy, Clark 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 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

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

Global Impact STEM Academy
Clark County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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.

Charles E. Harris & Associates, Inc.

Charles E. Harris & Associates, Inc.
December 26, 2024

OHIO AUDITOR OF STATE KEITH FABER



GLOBAL IMPACT STEM ACADEMY

CLARK 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 3/11/2025

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