EDGE LEARNING, INC.
dba The Edge Academy
SUMMIT COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2017 AND JUNE 30, 2016

James G. Zupka, CPA, Inc.
Certified Public Accountants

Dave Yost • Auditor of State

Board of Directors
Edge Learning, Inc.
92 N. Union Street
Akron, Ohio 44304

We have reviewed the *Independent Auditor's Report* of the Edge Learning, Inc. dba The Edge Academy, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2015 through June 30, 2017. 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 Edge Learning, Inc. dba The Edge Academy is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

May 17, 2018

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SUMMIT COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Edge Academy
Akron, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Edge Academy, Summit County, Ohio, (the Academy) as of and for the years ended June 30, 2017 and June 30, 2016, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Edge Academy as of June 30, 2017 and June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2018, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

February 26, 2018

Edge Learning, Inc.
DBA The Edge Academy
Management's Discussion and Analysis
June 30, 2017 and 2016

The discussion and analysis of the Edge Learning, Inc.'s (the Academy) financial performance provides an overall review of the Academy's financial activities for the years ended June 30, 2017 and 2016. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

- In total, net position (decreased) by ($174,889) and ($196,692) which represents a (7.2%) and (8.9%) (decrease) from 2016 and 2015, respectively. The decrease in net position during 2017 is primarily due to higher total operating expenses offset slightly by an increase in total operating revenues as compared to the same period in 2016. The decrease in net position during 2016 is mainly attributed to lower total operating revenues as compared to the same period in 2015.
- Total assets (decreased) by ($157,217) and ($132,138) which represents a (22.3%) and (15.8%) (decrease) from 2016 and 2015, respectively. The decrease of total assets as of June 30, 2017 as compared to the same time in 2016 was mainly due to an decrease in cash and cash equivalents and capital assets due to accumulated depreciation offset by an increase in investment value. The decrease of total assets as of June 30, 2016, as compared to prior year is primarily due to a decrease in cash and cash equivalents, investments and capital assets due to accumulated depreciation.
- Total deferred outflows of resources increased by $483,397 and $102,523 which represents a 158.7% and 50.8% increase from 2016 and 2015, respectively.
- Total liabilities increased by $708,437 and $411,831, which represents a 22.2% and 14.8% increase from 2016 and 2015, respectively. The increase in total liabilities as of June 30, 2017 as compared to the same time in 2016 was primarily due to a increase in net pension liability which was slightly offset by decrease in capital lease payable. The increase in total liabilities as of June 30, 2016 is mainly due to increase in net pension liability, which was slightly offset by decrease in capital lease payable as compared to prior year.
- Total deferred inflows of resources decreased by ($207,368) and ($244,754) which represents a (90.3)% and (51.6)% (decrease) from 2016 and 2015, respectively.

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 School is not responsible for certain key factors affecting the balance of this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows. As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows.

The Academy uses the enterprise presentation for all of its activities.

Statement of Net Position

The Statements of Net Position answers the question of how the Academy did financially during 2017 and 2016. These statements include all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

The table below provides a summary of the Academy's net position for fiscal years 2017 and 2016.

Statement of Net Position

	2017	2016
ASSETS		
Current assets	$ 141,316	$ 331,488
Capital assets, net	116,558	133,872
Other assets	290,159	239,890
TOTAL ASSETS	548,033	705,250
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	787,929	304,532
LIABILITIES		
Current liabilities	154,367	281,863
Long-term liabilities	3,748,595	2,912,662
TOTAL LIABILITIES	3,902,962	3,194,525
DEFERRED INFLOWS OF RESOURCES		
Pensions	22,213	229,581
NET POSITION		
Net Investment in capital assets	86,991	83,269
Unrestricted	(2,676,204)	(2,497,593)
TOTAL NET POSITION	$ (2,589,213)	$ (2,414,324)

Statements of Revenues, Expenses and Changes in Net Position

The table that follows shows the changes in net position for fiscal years 2017 and 2016, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader that, as a whole, the financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Change in Net Position

	2017	2016
OPERATING REVENUES		
Foundation payments	$ 2,067,950	$ 1,825,778
Other	16,155	18,223
TOTAL OPERATING REVENUES	2,084,105	1,844,001
OPERATING EXPENSES		
Salaries	1,445,800	1,345,769
Retirement	327,552	147,543
Insurance	39,621	25,954
Rent	313,969	314,422
Purchased services	258,805	271,998
Materials and supplies	270,350	290,459
Utilities	53,320	46,946
Depreciation	17,314	17,314
Other operating expenses	55,680	66,341
TOTAL OPERATING EXPENSES	2,782,411	2,526,746

		2017		2016
NON-OPERATING REVENUES AND EXPENSES				
Miscellaneous income		12,701		26,297
Investment income		4,773		4,730
Realized gain on sale		1,451		4,542
Unrealized gain/(loss) on investments		37,369		(10,522)
State and federal grants		471,419		467,379
Interest expense		(4,296)		(6,373)
Total nonoperating revenues and expenses		523,417		486,053
CHANGE IN NET POSITION	$	(174,889)	$	(196,692)

Budgeting Highlights

Unlike the public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the community school's contract with its Sponsor. The contract between the Academy and its sponsor, St. Aloysius does not prescribe a budgetary process for the Academy.

Capital Assets

At the end of fiscal years 2017 and 2016, the Academy had $116,558 and $133,872, respectively invested in computers and software, furniture and equipment, leasehold/land improvements and vehicles (net of depreciation). The table below shows the Capital Assets by category.

		2017		2016
Land improvements	$	13,622	$	15,273
Furniture and equipment		62,081		72,286
Leasehold improvements		40,617		43,222
Vehicles		238		3,091
Total	$	116,558	$	133,872

For more information on capital assets, see Note B in the Notes to the Financial Statements.

Current Financial Issues

The Academy received revenue for 242 and 248 students in 2017 and 2016, respectively and continues to enroll students on a daily basis. State law governing community schools allows for the Academy to have open enrollment across traditional school district boundaries. The Academy receives its support almost entirely from State Aid. Per pupil revenue from State Aid for the Academy averaged $8,022 and $7,864 in fiscal years 2016 and 2015 and State Basic Aid planned to remain the same in 2017. The Academy receives additional revenues from grant subsidies.

During the fiscal year 2015, the Academy renewed the contract with St. Aloysius (Sponsor), which will automatically renew for one (1) year terms through June 30 ,2017 due to the status of the sponsorship agreement between the Ohio Department of Education and St. Aloysius. The Academy is responsible for a monthly fee to the Sponsor of 3% of all funds received by the Academy from the State of Ohio.

Contacting the Academy's Financial Management

This financial report is designed to provide our readers 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 information, contact Dave Dudas, Board Member for the Edge Academy, 92 North Union Street, Akron, Ohio 44304 or e-mail at dave@edge4kids.org.

Edge Learning, Inc.
Statements of Net Position

	June 30, 2017	June 30, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 37,573	$ 290,114
State and federal grants receivable	78,494	16,067
Due from related party	25,249	25,307
	141,316	331,488
Property and equipment		
Computer equipment	20,076	20,076
Furniture and equipment	5,805	5,805
Capital lease asset - equipment	102,050	102,050
Land improvements	33,023	33,023
Leasehold improvements	52,103	52,103
Vehicles	14,264	14,264
	227,321	227,321
Less accumulated depreciation	(110,763)	(93,449)
Property and equipment, net	116,558	133,872
Other Assets		
Marketable securities	290,159	239,890
TOTAL ASSETS	548,033	705,250
Deferred outflows of resources	787,929	304,532

Edge Learning, Inc.
Statements of Net Position

	June 30, 2017	June 30, 2016
LIABILITIES		
Current liabilities		
Accounts payable	17,078	136,351
Accrued wages and benefits	114,056	124,475
Current portion of capital lease	23,233	21,037
	154,367	281,863
Long-term liabilities		
Net pension liability	3,742,262	2,883,095
Capital lease payable, net of current maturities	6,333	29,567
	3,748,595	2,912,662
TOTAL LIABILITIES	3,902,962	3,194,525
Deferred inflows of resources	22,213	229,581
NET POSITION		
Investment in capital assets	86,991	83,269
Unrestricted net position	(2,676,204)	(2,497,593)
	$ (2,589,213)	$ (2,414,324)

Edge Learning, Inc.

Statements of Revenues, Expenses, and Changes in Net Position

	For the Years Ended June 30,			
OPERATING REVENUES	2017		2016	
Foundation payments	$ 2,067,950	99.2%	$ 1,825,778	99.0%
Other	16,155	0.8%	18,223	1.0%
	2,084,105	100.0%	1,844,001	100.0%
Operating expenses				
Salaries	1,445,800	69.4%	1,345,769	73.0%
Retirement	327,552	15.7%	147,543	8.0%
Insurance	39,621	1.9%	25,954	1.4%
Materials and supplies	270,350	13.0%	290,459	15.8%
Purchased services	258,805	12.4%	271,998	14.8%
Rent	313,969	15.1%	314,422	17.1%
Utilities	53,320	2.6%	46,946	2.5%
Depreciation	17,314	0.8%	17,314	0.9%
Other operating expenses	55,680	2.7%	66,341	3.6%
	2,782,411	133.5%	2,526,746	137.0%
Operating loss	(698,306)	-33.8%	(682,745)	-37.4%
Non-operating revenues (expenses)				
State and federal grants	471,419	22.8%	467,379	25.6%
Miscellaneous income	12,701	0.6%	26,297	1.4%
Investment income	4,773	0.2%	4,730	0.3%
Realized gain on sale	1,451	0.1%	4,542	0.2%
Unrealized gain (loss) on investments	37,369	1.8%	(10,522)	-0.6%
Interest expense	(4,296)	-0.2%	(6,373)	-0.3%
Total other income	523,417	25.3%	486,053	26.6%
Change in net position	(174,889)	-8.5%	(196,692)	-10.8%
Net position at beginning of year	(2,414,324)	-116.7%	(2,217,632)	
Net position at end of year	$ (2,589,213)	-125.2%	$ (2,414,324)	

Edge Learning, Inc.
Statements of Cash Flows

	For the Years Ended June 30,	
	2017	2016
Cash flows from operating activities:		
Cash received from State of Ohio	$ 2,005,524	$ 1,833,548
Cash payment to employees for services and benefits	(1,654,990)	(1,548,569)
Cash payments to suppliers for goods and services	(1,015,659)	(835,013)
Cash payments for other operating expenses	(55,680)	(66,341)
Other operating revenues	16,155	18,223
Net cash used in operating activities	(704,650)	(598,152)
Cash flows from noncapital financing activities:		
State and federal grants	471,419	467,379
Miscellaneous income	12,701	26,297
Investment income	4,773	4,730
Net cash provided by noncapital financing activities	488,893	498,406
Cash flows from capital and related financing activities:		
Cash received from sale of investments	21,481	10,906
Cash payments for purchase of investments	(34,382)	(11,200)
Cash payments for capital lease	(21,038)	(18,959)
Interest expense	(4,296)	(6,373)
Cash received for other capital and related financing activities	1,451	4,650
Net cash used in capital and related financing	(36,784)	(20,976)
Net decrease in cash and cash equivalents	(252,541)	(120,722)
Cash and cash equivalents at beginning of year	290,114	410,836
Cash and cash equivalents at end of year	$ 37,573	$ 290,114
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (698,306)	$ (682,745)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	17,314	17,314
(Increase) decrease in assets: Accounts receivable	(62,426)	7,770
Due from related party	58	(24,004)
Deferred outflows of resources	(483,397)	(102,523)
Increase (decrease) in liabilities: Accounts payable	(119,273)	112,816
Accrued wages and benefits	(10,419)	10,993
Net pension liability	859,167	306,981
Deferred inflows of resources	(207,368)	(244,754)
	(6,344)	84,593
Net cash used in operating activities	$ (704,650)	$ (598,152)

A. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

The Edge Academy (the Academy) is a not-for-profit 501(c)(3) corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to educate students from kindergarten through fifth grade. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax-exempt status.

During 2015, the Academy renewed the contract with St. Aloysius (Sponsor) for a term of one year and the contract will automatically renew for one-year terms through June 30, 2017 due to the status of the sponsorship agreement between the Ohio Department of Education (ODE) and Sponsor. During this agreement, if the Sponsor is granted a seven-year term with the ODE, the term will be renegotiated.

The Academy operates under the direction of a self-appointing, five-member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the Academy's one instructional/support facility staffed by 5 non-certified and 19 certified full-time teaching personnel and 6 certified teaching personnel shared 40% with Akros Middle School (a related party) who provide services to approximately 242 students.

B. 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 nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following are the most significant of the Academy's accounting policies.

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

***Measurement Focus and Basis of Accounting* -** 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. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

Basis of accounting refers to when revenues and expenses are recognized in the financial records and reported in 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, is recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal 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. Expenses are recognized at the time they are incurred.

***Budgetary Process* -** Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the Academy's contract with the sponsor. The contract between the Academy and their sponsor, the St. Aloysius Orphanage, does not prescribe a budgetary process for the Academy.

***Cash and cash equivalents* -** Cash held by the Academy is reflected as "cash and cash equivalents" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

***Marketable Securities* -** In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting of Certain Investments and for External Investment Pools, the investment in marketable securities is reported at fair value on the statement of net position.

***Property and Equipment* -** Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Academy maintains a capitalization threshold of $5,000 for 2017 and 2016, respectively, while repairs are charged to expense. The Academy does not possess any infrastructure and does not capitalize interest costs.

Depreciation of land improvements, furniture and equipment, leasehold improvements, and vehicles are computed using the straight-line method based on estimated useful life of 5 to 20 years. Depreciation expense for the years ended June 30, 2017 and 2016 was $17,314.

	June 30, 2016	Additions	Deletions	June 30, 2017
Capital assets, being depreciated:				
Land improvements	$ 33,023	$ -	$ -	$ 33,023
Furniture and equipment	127,931	-	-	127,931
Leasehold improvements	52,103	-	-	52,103
Vehicles	14,264	-	-	14,264
Total capital assets, being depreciated	227,321	-	-	227,321
Less accumulated depreciated:				
Land improvements	(17,750)	(1,651)	-	(19,401)
Furniture and equipment	(55,646)	(10,205)	-	(65,851)
Leasehold improvements	(8,880)	(2,605)	-	(11,485)
Vehicles	(11,173)	(2,853)	-	(14,026)
Total accumulated depreciation	(93,449)	(17,314)	-	(110,763)
Total capital assets, net	$ 133,872	$ (17,314)	$ -	$ 116,558

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. The deferred inflows of resources related to pension are explained in Note F.

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

***Purchased Services* -** The Academy purchased services in the amounts of $258,805 and $271,998 for the years ended June 30, 2017 and 2016.

This includes the following at June 30:

	2017	2016
Busing and transportation fees	$ 7,824	$ 6,270
Professional development	39,578	11,367
Professional and legal	31,023	44,376
Maintenance services	36,616	38,034
Nursing services	16,949	13,737
Technical services	35,737	37,021
Other general services	91,078	121,193
	$ 258,805	$ 271,998

***Compensated Absences* -** Each employee of the Academy is entitled to five paid sick days each year. Days not used during the year are not carried over to the following year and the Academy does not pay employees for unused sick days. Employees of the Academy do not earn vacation.

***Net Position* -** Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling of legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, 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 positions are available.

***Intergovernmental Revenue* -** The Academy currently participates in the State Foundation Program, the State Meals Program, the EMIS Subsidy Program, the Food Service Federal Grant Programs, the IDEA Part B Program and Title I. Revenues received from these programs are recognized as non-operating revenues in the accompanying financial statements with the exception of State Foundation Program, which is recognized as operating revenue. Grants and entitlements 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 on a reimbursement basis.

***Accrued Liabilities* -** The Academy has recognized certain expenses due but unpaid as of June 30, 2017 and 2016. These expenses are reported as accrued liabilities in the accompanying financial statements.

***Use of Estimates* -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Income Taxes* -** The Academy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provisions for federal income taxes in the accompanying financial statements. In addition, the Academy has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for year ended June 30, 2017 and 2016. The Academy believes that it has appropriate support for the tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.
The Academy's federal Return of Organization Exempt From Income Tax (Form 990) for 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

***Reclassification* -** Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. Such reclassifications had no effect on previously reported net income.

C. DEPOSITS AND INVESTMENTS

***Deposits* -** The Academy maintains two bank accounts at a financial institution and a money market investment account. Accounts at an institution are insured by the Federal Deposit Insurance Company (FDIC), up to $250,000. At June 30, 2017 and 2016, the carrying amounts of the Academy's deposits were $37,573 and $290,114 and the bank balances were $64,943 and $329,191, respectively. At June 30, 2017 and 2016, $0 and $69,105, respectively of the Academy's bank balances were uninsured and uncollateralized.

***Custodial Credit Risk* -** Custodial credit risk for deposits is the risk that in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. The securities were held by the pledging institutions' trust department. Institution noncompliance with federal requirements could potentially subject the Academy's deposits. The Academy's investments at June 30, 2017 and 2016 consisted of marketable securities held by an investment firm's agent.

The Academy's investments are protected by the Securities Investor Protector Corporation (SIPC) against losses caused by the financial failure of the broker-dealer. SIPC was created by the Securities Investor Protections Act of 1970 and is neither a government or a regulatory authority, but a nonprofit, membership corporation, funded by its member securities broker-dealers. Customers of a failed firm receive all securities registered in their names or in the process of being so registered. Customers receive, on a pro rata basis, all remaining customer cash and securities held by the firm.

After the above distribution, SIPC funds are available to satisfy the remaining claims of each customer, up to a maximum of $500,000, including up to $100,000 on claims for cash (as distinction from claims for securities). Any remaining assets after payment of liquidation expenses may be available to satisfy any remaining portion of customer claims on a pro rata basis with other creditors.

***Investments* -** Marketable securities as of June 30, 2017 and 2016 consisted of funds and stock valued as follows:

	2017				
	Fair Value Beg. of Year	Purchases At Cost	Sales At Cost	Unrealized Gain (Loss)	Fair Value
International Equity Mutual Funds	$ 87,623	$ -	$ -	$ 14,358	$ 101,981
Equity Mutual Funds	129,596	12,900	-	20,967	163,463
Common Stock	22,671	-	-	2,044	24,715
	$ 239,890	$ 12,900	$ -	$ 37,369	$ 290,159

	2016				
	Fair Value Beg. of Year	Purchases At Cost	Sales At Cost	Unrealized Gain (Loss)	Fair Value
International Equity Mutual Funds	$ 98,153	$ 4,000	$ -	$ (14,530)	$ 87,623
Equity Mutual Funds	132,098	7,200	11,015	1,313	129,596
Common Stock	19,975	-	-	2,695	22,671
	$ 250,226	$ 11,200	$ 11,015	$ (10,522)	$ 239,890

D. STATE AND FEDERAL GRANTS RECEIVABLE

Receivables at June 30, 2017 and 2016 consisted of state and federal grants and other miscellaneous income. All state and federal grants are considered collectible in full, due to the stable condition of State programs, and the current year guarantee of federal funds.

E. RISK MANAGEMENT

***Property and Liability* -** The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal years 2017 and 2016, the Academy contracted with Philadelphia Insurance Companies for property and general liability insurance with a $3,000,000 aggregate limit. Settled claims have not exceeded insurance coverage in any of the past three years.

***Workers' Compensation* -** The Academy pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

***Employee Medical, Dental, and Vision Benefits* -** The Academy has contracted with a private carrier to provide its full-time salaried employees medical/surgical benefits and life insurance. For fiscal years 2017 and 2016, the Academy paid premium, up to $711 and $802, respectively per month per employee, for this coverage.

F. DEFINED BENEFIT PENSION PLANS

Net Pension Liability - The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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 are financed; however, the Academy does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

School Employees Retirement System

Plan Description - The Academy's non-teaching employees participate in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853. It is also posted on SERS' website at www.ohsers.org, under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14% of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal years 2017 and 2016, 13.25% and 13.26%, respectively of annual covered salary was the portion used to fund pension obligations.

The remaining 0.75% and 0.74% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds in 2017 and 2016, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2017 and 2016 was $41,618 and $41,174, respectively; 100% has been contributed for both fiscal years.

State Teachers Retirement System of Ohio

Plan Description - The Academy licensed teachers and other faculty members participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system administered by STRS. STRS Ohio provides retirement and disability benefits to members, and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

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

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

The Combined Plan offers Plan features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14% on July 1, 2016. For the fiscal years ended June 30, 2017 and 2016, plan members were required to contribute 14% and 13%, respectively of their annual covered salaries. The School was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2017 and 2016 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2017 and 2016 was $117,518 and $144,367; 100% has been contributed for fiscal year 2017 and 2016.

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

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities.

At June 30, 2017 and 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School's fiscal year end: June 30, 2017 Measurement date: June 30, 2016		
	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 10,047	$ 121,105	$ 131,152
Changes of assumptions	49,730	-	49,730
Net difference between projected and actual earnings on pension plan investments	61,448	248,855	310,303
Changes in proportion and differences	114,399	23,209	137,608
School District contributions subsequent to the measurement date	41,618	117,518	159,136
Total Deferred Outflows of Resources	$ 277,242	$ 510,687	$ 787,929
Deferred Inflows of Resources			
Changes in proportion and differences	$ 16,253	$ 5,960	$ 22,213
Total Deferred Inflows of Resources	$ 16,253	$ 5,960	$ 22,213
Proportion of the Net Pension Liability Prior Measurement Date	0.0074823%	0.00888720%	
Proportion of the Net Pension Liability Current Measurement Date	0.0101783%	0.00895439%	
Change in Proportionate Share	0.0026960%	0.0000672%	$
Proportionate Share of the Net Pension Liability	$ 744,958	$ 2,997,304	$ 3,742,262
Pension expense	$ 108,658	$ 225,678	$ 335,336

	School's fiscal year end: June 30, 2016 Measurement date: June 30, 2015		
	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 7,021	$ 111,970	$ 118,991
School District contributions subsequent to the measurement date	41,174	144,367	185,541
Total Deferred Outflows of Resources	$ 48,195	$ 256,337	$ 304,532

	School's fiscal year end: June 30, 2016 Measurement date: June 30, 2015		
	SERS	STRS	Total
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 14,146	$ 183,605	$ 197,751
Changes in proportion and differences	23,884	7,946	31,830
Total Deferred Inflows of Resources	$ 38,030	$ 191,551	$ 229,581
Proportionate Share of the Net Pension Liability	$ 426,947	$ 2,456,148	$ 2,883,095
Proportion of the Net Pension Liability	0.0074823%	0.00888720%	
Total	$ 426,947	$ 2,456,148	$ 2,883,095
Pension expense	$ 26,460	$ 118,800	$ 145,260

As of June 30, 2017 and 2016, $159,136 and $185,541, respectively reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	School's fiscal year ended June 30, 2017		
	SERS	STRS	Total
2018	$ 64,762	$ 62,393	$ 127,155
2019	64,717	62,391	127,108
2020	72,229	157,880	230,109
2021	17,663	104,545	122,208
	$ 219,371	$ 387,209	$ 606,580

	School's fiscal year ended June 30, 2016		
	SERS	STRS	Total
2017	$ (11,440)	$ (41,848)	$ (53,288)
2018	(11,440)	(41,848)	(53,288)
2019	(16,448)	(43,840)	(60,288)
2020	8,172	54,914	63,086
	$ (31,156)	$ (72,622)	$ (103,778)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.2%
Cost of Living Increases (COLA) or "Ad Hoc" COLA	3.00%
Investment Rate of Return	7.50% net of investments expense, including inflation

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate

The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). 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.

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 net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1 % Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
The Academy's proportionate share of the net pension liability	$ 592,022	$ 426,947	$ 287,940

Actuarial Assumptions – STRS

The total pension liability in the July 1, 2016 and 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected Salary increases	12.25% at age 20 to 2.75% at age 70
Investment rate of return	7.75%, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA commences on the fifth anniversary of the retirement date.

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

Actuarial assumptions used in the June 30, 2016 and 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012

The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. 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 Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of June 30, 2016 and 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016 and 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016 and 2015.

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 7.75%, 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 (6.75%) or one-percentage-point higher (8.75%) than the current assumption:

	1 % Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Academy's proportionate share of the net pension liability	$ 3,411,775	$ 2,456,148	$ 1,648,023

Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's NPL is expected to be significant.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2017 and 2016, there were no members of the governing board that elected Social Security.

G. POST EMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The Academy participates in two costs sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare

Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report.

The report can be obtained by contacting SERS at 300 East Broad Street, Suite 100, Columbus, OH 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14% covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401(h). For 2017 and 2016, 0.00% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2017 and 2016, this amount was $23,500 and $23,000, respectively. During fiscal years 2017 and 2016, no surcharges were paid.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

School Employees Retirement System

The Academy's contributions for health care for the fiscal years ended June 30, 2017 and 2016 was $0; 100% has been contributed for fiscal years 2017 and 2016.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2017 and 2016, the actuarially required allocation was 0.74% of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2017 and 2016 was $2,200 and $2,298, respectively; 100% has been contributed for fiscal years 2017 and 2016.

State Teachers Retirement System

Plan Description – The Academy contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017 and 2016, STRS Ohio allocated employer contributions equal to 0% of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2017 and 2016 was $0; 100% has been contributed for fiscal years 2017 and 2016.

I. 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. 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, 2017 and 2016.

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2017.

As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School.

In addition, the School's contract with St. Aloysius requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2017 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2017 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the School.

Litigation **-** The School is party to legal proceedings. The School is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School.

J. LEASE COMMITMENTS

Operating Lease **-** As of July 1, 2015, the Academy renewed is three-year lease with Charter Development Foundation, Inc. (a related party) for the use of classrooms and office space. Annual rent for the use of these facilities is $312,897 payable in monthly installments of $26,075. The Academy is responsible for paying all taxes, utilities and maintenance costs. Total rent expense was $312,897 for years ended June 30, 2017 and 2016.

As of January 2017, the Academy leases a vehicle under an operating lease. Lease expense under this lease amounted to $3,050 for the year ended June 30, 2017. The Academy leases equipment under operating leases.

Lease expense under these leases amounted to $9,671 for the year ended June 30, 2017.

Future minimum rental payments as of June 30, 2017, are as follows:

2018	$ 322,851
2019	317,271
2020	1,931
	$ 642,053

***Capital Lease* -** In 2013 the Academy entered into a sixty-three-month lease agreement with Toshiba Business Solution for three copiers and four tablets totaling $102,051, with monthly payments of $2,111 which was updated in 2015 with monthly payments of $2,262. As of June 30,2017 and 2016, accumulated depreciation related to the leased equipment was $39,970 and $29,765, respectively. In December 2017 the Academy entered into two sixty-three-month lease agreements with Toshiba Business Solution for five copiers with monthly payments of $1,901 and $1,109. Future minimum capital lease payments as of June 30, 2016, are as follows:

2018	$ 25,333
2019	6,333
Total minimum lease payments	31,666
Less: Amount representing interest	(2,100)
Present value of minimum lease payments	$ 29,566

K. RELATED PARTY TRANSACTIONS

The Academy has several leases with Charter Development Foundation, Inc., a not-for-profit organization (See Note J). At June 30, 2017 and 2016, the Academy has a due from related party in the amount of $25,249 and $25,307 from Akros Middle School, a not-for-profit organization, and Charter Development Foundation, Inc.. The balance resulted from the Academy paying net expenses for Akros during the fiscal years ended June 30, 2017 and 2016. In December 2018 the Academy signed a lease for copier equipment with monthly payments of $1,109 which will be reimbursed by Akros.

L. SUBSEQUENT EVENTS

The Academy has evaluated subsequent events through February 26, 2018 the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Edge Academy

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

Last Four Fiscal Years (1)

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.00895439%	0.00888720%	0.00892190%	0.89219000%
School District's Proportionate Share of the Net Pension Liability	$ 2,997,304	$ 2,456,148	$ 2,170,125	$ 2,585,038
School District's Covered Payroll	$ 1,031,193	$ 1,005,221	$ 981,700	$ 529,415
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	290.66%	244.34%	221.06%	488.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

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

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

Edge Academy

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

Last Four Fiscal Years (1)

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.0101783%	0.0074823%	0.008022%	0.008022%
School District's Proportionate Share of the Net Pension Liability	$ 744,958	$ 426,947	$ 405,989	$ 477,043
School District's Covered Payroll	$ 294,100	$ 279,090	$ 235,483	$ 190,484
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	253.30%	152.98%	172.41%	250.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

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

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

Edge Academy

Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$ 117,518	$ 144,367	$ 140,731	$ 127,621	$ 68,824	$ 161,694	$ 116,991	$ 136,311	$ 98,460	$ 99,483
Contributions in Relation to the Contractually Required Contribution	(117,518)	(144,367)	(140,731)	(127,621)	(68,824)	(161,694)	(116,991)	(136,311)	(98,460)	(99,483)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District Covered Payroll	$ 839,414	$ 1,031,193	$ 1,005,221	$ 981,700	$ 529,415	$ 1,243,800	$ 899,931	$ 1,048,546	$ 757,385	$ 765,254
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Edge Academy

Required Supplementary Information
Schedule of School District Contributions
State Employees Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$ 41,618	$ 41,174	$ 36,784	$ 32,638	$ 26,363	$ 31,811	$ 8,012	$ 32,386	$ 24,753	$ 7,491
Contributions in Relation to the Contractually Required Contribution	(41,618)	(41,174)	(36,784)	(32,638)	(26,363)	(31,811)	(8,012)	(32,386)	(24,753)	(7,491)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District Covered Payroll	$ 297,271	$ 294,100	$ 279,090	$ 235,483	$ 190,484	$ 236,513	$ 63,739	$ 239,188	$ 251,555	$ 76,283
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Edge Academy
Notes to the Required Supplementary Information

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms - There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms - There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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

To the Members of the Board
Edge Academy
Akron, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

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 Edge Academy, Summit County, Ohio, (the Academy) as of and for the years ended June 30, 2017 and June 30, 2016, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated February 26, 2018.

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. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered significant deficiencies as items **2017/2016-001, 2017/2016-002, 2017/2016-003**.

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.*

Academy's Response to Findings

The Academy's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

February 26, 2018

Finding 2017/2016-001 - Significant Deficiency - Receipts

Condition/Criteria:

During our testing of cash receipts, we noted the following:

- A few instances where the deposit amount did not tie to supporting documentation provided
- Several instances where the receipts lacked sufficient supporting documentation.
- One instance where money was held for several months before the deposit was made
- Lack of segregation of duties in the receipting process as the Treasurer receipts the money, records and makes deposits.
- Lack of pre-numbered receipt system.
- Receivables and revenue incorrectly reported due to foundation adjustments.

Cause/Effect

Due to employee turnover in the Treasurer and Director positions, cash receipt discrepancies have not all been resolved. Also, not depositing cash timely increases the risk of errors or cash flow problems. In addition, not pre-numbering receipts and a lack of segregation of duties in the receipting process can lead to recording errors which may cause revenues to be under or overstated.

Recommendation

We recommend maintaining supporting documentation for all receipts and their respective deposits. In addition, we recommend the Academy prenumber receipts to properly account for all revenues. Lastly, someone other than the Treasurer should be involved in the receipts process to maintain a proper segregation of duties.

Client Response

The Academy has implemented a procedure for maintaining supporting documentation for all receipts and deposits. Deposits will be deposited within 3 business days of receipt. A procedure has been implemented for receipt process in which there are at least three individuals involved in the process.

Finding 2017/2016-002 - Significant Deficiency - Disbursements

Condition/Criteria

During our testing of detailed disbursements, we noted the following:

- Lack of segregation of duties
- No review or oversight of voided transactions. Currently transactions are voided by the same individual that is processing cash disbursements
- Checks being used out of sequence
- Several checks being outstanding for greater than 6 months
- No formal approval of authorized check signers
- Lack of supporting documentation for vouchers
- Copier Leases did not have adequate records maintained. Edge Academy was the sole lessee on the agreement even though Akros exclusively used some of the copiers. There was no documented agreement for Akros to pay for their portion of the lease. As a result, Edge Academy is owned by Akros, but there is no intention of payment.
- Payables were not properly recorded

Cause/Effect

Due to employee turnover in the Treasurer and Director positions, voucher package did not contain sufficient support for cash disbursements. In addition, a lack of segregation of duties and oversight in the disbursement process can lead to potential errors and/or misuse of the Academy's funds. The lack of supporting documentation can lead to errors in recording to the Academy's ledgers, which can lead to misstatements on the financials.

Recommendations

We recommend the Academy maintain supporting documentation for all disbursements and leasing agreements that the Academy enters into. Also, we recommend that the Academy only have lease for which that are responsible for to prevent the financial statements from being misleading. In addition, we recommend the Academy formally approve their check signers and have oversight for voids that occur in the disbursement process. The outstanding check list should be reviewed periodically to ensure outdated checks are being voided and re-issued. Lastly, someone other than the Treasurer should be involved in the disbursement process to maintain a proper segregation of duties or put compensating controls in place.

Client Response

The Academy will maintain supporting documentation for all disbursements and leasing agreements. A procedure has been put in place to assure that the outstanding checklist is reviewed and outdated checks are properly voided and re-issued if necessary.

Finding 2017/2016-003 - Significant Deficiency - Payroll

Condition/Criteria

During our testing of detailed payroll, we noted the following:

- Two employees without an employee file on hand
- Two employees who did not have salary notifications or updated authorized pay rates.
- Several instances where employers were not paid in accordance to their salary notifications.
- Some employees work for both Akros Middle School and Edge Academy and the salaries are allocated. There is no written policy on how allocation is performed or any time study to support the allocation.
- Several inactive employees who did not have proper I-9 documentation
- The reporting and presentation of Net Pension Liability (GASB 68) was not calculated accurately.
- The Required Supplementary Information as related to pension expense and pension liability (GASB 68) was omitted from the financial statements.

Cause/Effect

Due to employee turnover in the Treasurer and Director positions, payroll documentation was not adequately maintained. The inexperience of financial reporting team has led to misstatements and misrepresentations for Net Pension Liability. Also, this has led to the omission of the RSI from the financial statement even though they are required for Net Pension Liability disclosure.

Recommendation

We recommend that all employees have employee files with the Academy and all current employee files be reviewed by the Academy for completeness for all required information. All employees should have signed and authorized pay rate or salary notifications. The finance department should verify that the salaries being paid match their notifications and that all notifications be up to date and in personnel files. The Academy should adopt a policy or perform a time study to properly determine how employees time should be allocated between the two schools. The financial reporting team should be educated on the requirements and methods of recording and reporting pension expense and related pension liability with respect to the financial statements.

Client Response

The current Director has implemented a system/checklist for ensuring all current and new employees have completed files including correct salary notifications. For the 2018-19 school year, employees of both schools, Akros and Edge, will be given separate salary notifications based on their position. All employees will have signed and authorized pay rate and salary notifications.

EDGE LEARNING, INC.
dba THE EDGE ACADEMY
SUMMIT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2017 AND JUNE 30, 2016

The prior audit report, as of June 30, 2015, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Edge Learning, Inc.
dba The Edge Academy
Akron, Ohio

To the Board of Directors:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Edge Learning, Inc., dba The Edge Academy (the Academy), Summit County, Ohio, has updated its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted that the Academy's anti-harassment policy did include the following requirements from Ohio Revised Code Section 3313.666(B):

   A procedure for documenting any prohibited incident that is reported;
   A requirement that the Academy administration semi-annually provide the President of the Academy's Board a written summary of all reported incidents and post the summary on its web site. If the Academy has a web site, to the extent permitted by Section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, Section 20 U.S.C. 1232g, as amended.

2. We noted that the Academy did amend its anti-harassment policy to prohibit harassment, intimidation, or bullying on a school bus. We also noted that the policy did include the electronic form and violence within a dating relationship within its definition of harassment, intimidation, or bullying.

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

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

February 26, 2018

Dave Yost • Auditor of State

EDGE ACADEMY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 31, 2018

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