Breakthrough Charter Schools: Intergenerational School

Cuyahoga County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

Dave Yost • Auditor of State

Board of Trustees
Breakthrough Charter Schools: Intergenerational School
11327 Shaker Boulevard Suite 200 E
Cleveland, Ohio 44104

We have reviewed the *Independent Auditor's Report* of the Breakthrough Charter Schools: Intergenerational School, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2016 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 Breakthrough Charter Schools: Intergenerational School is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

March 1, 2018

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BREAKTHROUGH CHARTER SCHOOLS:
INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

For the Fiscal Year Ended June 30, 2017
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December 23, 2017

To the Board of Trustees
Breakthrough Charter Schools: Intergenerational School
11327 Shaker Boulevard
Suite 200 E
Cleveland, Ohio 44104

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Breakthrough Charter Schools: Intergenerational School, Cuyahoga County, Ohio (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 entity'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 entity'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 Breakthrough Charter Schools: Intergenerational School, Cuyahoga County, Ohio as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of the School's Proportionate Share of the Net Pension Liability, and Schedules of School's Contributions on pages 4-9, 40-41, and 42-43, respectively, 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 December 23, 2017 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Medina, Ohio

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The management's discussion and analysis of Breakthrough Charter Schools: Intergenerational School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position decreased by $46,798 or 2 percent from a deficit of $1,998,944 to a deficit of $2,045,742.
- The School had operating revenues of $2,027,801 and operating expenses of $2,818,110 for fiscal year 2017. The School also had $743,511 in non-operating revenues during fiscal year 2017.
- Enrollment decreased slightly from 250 students to 241 students.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School Financial Activities

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

These documents answer the question, "How did we do financially during 2017?" These statements include all assets, liabilities, deferred outflows/inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received.

These statements report the School's net position and changes in that position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 11 and 12 of this report.

The statement of cash flows provides information about how the School finances and is meeting the cash flow needs of its operations. The statement of cash flows can be found on page 13 of this report.

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

Table 1 - Net Position

	2017	2016
ASSETS		
Current Assets	$ 1,178,790	$ 1,263,484
Security Deposits	21,334	21,334
Loans Receivable	100,000	100,000
Total Assets	1,300,124	1,384,818
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	857,604	303,883
LIABILITIES		
Current Liabilities	174,962	320,583
Long-term liabilities:		
Net Pension Liability	3,876,648	2,955,343
Total Liabilities	4,051,610	3,275,926
DEFERRED INFLOWS OF RESOURCES		
Pensions	151,860	411,719
NET POSITION		
Restricted	253,415	226,790
Unrestricted	(2,299,157)	(2,225,734)
Total Net Position	$(2,045,742)	$(1,998,944)

The School has 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 this financial statement will gain a clearer understanding of the School'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 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.

At June 30, 2017, the School's net position totaled a deficit of $2,045,742. The significant deficit in net position can solely be explained by the implementation of GASB 68. Total assets remained relatively consistent with prior year's amount. Total liabilities experienced an increase of $775,684 when compared to prior year's amount. The main contributor to the increase in total liabilities was an increase in net pension liability, which was offset by a decrease in accounts payable due to the timing of disbursements. The changes in deferred outflows and inflows of resources is due to the implementation of GASB 68.

The table below shows the change in net position for the fiscal years 2017 and 2016:

Table 2 - Change in Net Position

	2017	2016
OPERATING REVENUES		
State Foundation	$ 1,848,394	$ 1,851,313
Food Service	13,180	14,734
Extracurricular Activities	5,598	8,927
Classroom Materials and Fees	4,411	9,431
Other Operating Revenues	156,218	251,651
Total Operating Revenues	2,027,801	2,136,056
OPERATING EXPENSES		
Salaries and Wages	1,349,301	1,269,592
Fringe Benefits	430,410	232,346
Purchased Services	947,877	921,919
Materials and Supplies	51,912	81,428
Equipment	14,564	46,849
Other	24,046	16,230
Total Operating Expenses	2,818,110	2,568,364
Operating Loss	(790,309)	(432,308)
NON-OPERATING REVENUES		
Tax Distribution	158,315	145,297
Intergovernmental Revenues	236,664	222,196
Contributions and Donations	348,532	173,914
Total Non-operating Revenues	743,511	541,407
Change in Net Position	(46,798)	109,099
Net Position - Beginning of Year	(1,998,944)	(2,108,043)
Net Position - End of Year	$ (2,045,742)	$ (1,998,944)

The revenue generated by community schools are heavily dependent upon per-pupil allotment given by the State foundation program and federal entitlement programs. Foundation payments attributed to 67 percent of total operating and non-operating revenues during fiscal year 2017.

The increase in fringe benefits expense was due to an increase in net pension liability. Below is a comparison of fringe benefits expense without GASB 68.

	2017	**2016**
Fringe Benefits	322,685	337,965

Capital Assets

At June 30, 2017, the School's capital assets were fully depreciated. See Note 8 in the notes to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The School's fiscal agent relationship changed July 1, 2010 and is with Breakthrough Charter Schools, a Charter Management Organization. During the 2016-2017 fiscal school year, there were 241 students enrolled in the School. The School relies on the State Foundation Funds, State and Federal Sub-Grants and private donors to provide the monies necessary to operate the School. The Intergenerational Schools, including The Intergenerational School, Near West Intergenerational School and Lakeshore Intergenerational School, decided to move toward a different management structure beginning July 1, 2017. See Note 18 for further information.

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Doug Mangen, Treasurer, 3615 Superior Avenue, Suite 4403A, Cleveland, Ohio 44114 or email doug@mangen1.com.

Basic Financial Statements

BREAKTHROUGH CHARTER SCHOOLS:
THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Statement of Net Position
June 30, 2017

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 495,832
Receivables:	
Intergovernmental	64,260
Pension	14,954
Pledge	176,819
Other	262,835
Prepaid Items	3,495
Property Taxes Receivable	60,595
Loans Receivable	100,000
Total Current Assets	1,178,790
Noncurrent Assets:	
Security Deposits	21,334
Loans Receivable	100,000
Total Noncurrent Assets	121,334
Total Assets	1,300,124
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	857,604
LIABILITIES	
Current Liabilities:	
Accounts Payable	23,086
Accrued Wages and Benefits	150,307
Unearned Revenue	1,569
Total Current Liabilities	174,962
Noncurrent Liabilities:	
Net Pension Liability	3,876,648
Total Liabilities	4,051,610
DEFERRED INFLOWS OF RESOURCES	
Pension	151,860
NET POSITION	
Restricted for:	
Security Deposits	21,334
Locally Funded Programs	214,477
State Funded Programs	17,604
Unrestricted (Deficit)	(2,299,157)
Total Net Position	$ (2,045,742)

See accompanying notes to the basic financial statements

BREAKTHROUGH CHARTER SCHOOLS:
THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

OPERATING REVENUES	
State Foundation	$ 1,848,394
Food Service	13,180
Extracurricular Activities	5,598
Classroom Materials and Fees	4,411
Other Operating Revenues	156,218
Total Operating Revenues	2,027,801
OPERATING EXPENSES	
Salaries and Wages	1,349,301
Fringe Benefits	430,410
Purchased Services	947,877
Materials and Supplies	51,912
Equipment	14,564
Other	24,046
Total Operating Expenses	2,818,110
Operating Loss	(790,309)
NON-OPERATING REVENUES	
Tax Distribution	158,315
Intergovernmental	236,664
Contributions and Donations	348,532
Total Non-operating Revenues	743,511
Change in Net Position	(46,798)
Net Position - Beginning of Year	(1,998,944)
Net Position - End of Year	$ (2,045,742)

See accompanying notes to the basic financial statements

BREAKTHROUGH CHARTER SCHOOLS:
THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from State of Ohio	$ 1,848,394
Cash Received from Other Operations	210,418
Cash Payments for Salaries and Wages	(1,317,011)
Cash Payments for Fringe Benefits	(321,577)
Cash Payments for Purchased Services	(1,125,199)
Cash Payments for Materials and Supplies	(51,912)
Cash Payments for Equipment	(14,564)
Cash Payments for Other Expenses	(24,046)
Net Cash Used in Operating Activities	(795,497)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grants	216,970
Tax Distribution	97,720
Contributions and Donations	330,480
Issuance of Loan to Intergenerational Cleveland	(100,000)
Repayment on Loan to New Village Corporation	100,000
Net Cash Provided by Noncapital Financing Activities	645,170
Net Decrease in Cash and Cash Equivalents	(150,327)
Cash and Cash Equivalents - Beginning of Year	646,159
Cash and Cash Equivalents - End of Year	$ 495,832
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	$ (790,309)
Adjustments:	
(Increase) Decrease in Assets and Deferred Outflows:	
Pension Receivable	1,108
Other Receivable	32,054
Prepaid Items	(454)
Deferred Outflows of Resources - Pensions	(553,721)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(176,868)
Accrued Wages and Benefits	32,290
Unearned Revenue	(1,043)
Net Pension Liability	921,305
Deferred Inflows of Resources - Pensions	(259,859)
Net Cash Used in Operating Activities	$ (795,497)

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE SCHOOL

Breakthrough Charter School: Intergenerational School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code exclusively for educational purposes. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax exempt status. The School's mission is to provide students of kindergarten to grade eight the knowledge, skills and habits to be effective and empowered stewards of their community. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices and all other operations. The School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under an amended and restated contract with the Lucas County Educational Service Center (the "Sponsor") for a period of one year commencing July 1, 2011. The contract terminated on June 30, 2012. Commencing July 1, 2012, the School was approved for operation under an amended and restated contract with the Educational Service Center of Lake Erie West (the "Sponsor") for a period of five years. The contract was extended through June 30, 2022. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School has contracted with Breakthrough Charter Schools for academic and business services beginning July 1, 2010 for an initial term of five years. The contract between the School and BCS was extended through June 30, 2017. The School and BCS has entered into a transition agreement for the School to operate independent of BCS as of July 1, 2017. (See Note 18)

The School operates under the direction of the Board of Trustees. The Board of Trustees 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 of Trustees controls the School's one instructional/support facility staffed by 9 non-certified and 30 certificated full time teaching personnel who provide services to 241students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School's significant accounting policies are described below.

A. Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows. Enterprise reporting focuses on the determination of the change in net position, financial position and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The School's basic financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded upon the accrual basis when the exchange takes place. Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

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 as an inflow of resources (revenue) until that time. For the School, deferred inflows of resources include pension. The deferred inflows of resources related to pension are explained in Note 11.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

D. 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 Section 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis.

E. Cash and Cash Equivalents

All monies received by the School are accounted for by the School's fiscal agent, Breakthrough Charter Schools. All cash is received and deposited by the School. Separate accounts are maintained in the School's name. Monies for the School are maintained in these accounts.

For the purposes of the statement of cash flows and the presentation on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The School does not have any infrastructure. The School maintains a capitalization threshold at $5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the remaining useful life of the related capital assets. Furniture, equipment and computers and leasehold improvements are depreciated over five years and 20 years, respectively.

G. Net Position

Net position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity. For the School, these revenues are payments from the State Foundation Program, sales for food service, extracurricular activities, and classroom materials and fees. Also included as part of other operating revenue for the reimbursement of salaries and benefits for employee services. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of the School. All revenues and expenses not meeting this definition are reported as non-operating.

I. Prepaid Items

Payments made to vendors for services that will benefit fiscal years beyond June 30, 2017 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the fiscal year ended in which services are consumed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenue

The School currently participates in the State Foundation Basic Aid, Title I, IDEA-B, Title II-A, Nutrition, and Connectivity Grant. The State Foundation Basic Aid (which includes casino and facilities revenue) is recognized as operating revenue. All of the other grant revenues received from these programs are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts recognized under the above-named programs for the 2017 fiscal school year totaled $2,085,058.

K. Security Deposits

The School entered into a lease for the use of the building for the administration and instruction of the School. Based on the lease agreement, a security deposit was required to be paid at the signing of the agreement. This amount, totaling $21,334, is held by the lessor (See Note 15).

L. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Compensated Absences

Vacation for teaching staff is to be taken in a manner that corresponds with the school calendar. Accordingly, the School does not accrue vacation time as a liability. Vacation benefits for non-teaching staff are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned.

Sick time and other paid time off (PTO) are not payable if this PTO is not taken. The unused PTO cannot be carried over into the next school year. Therefore, no liability was recorded.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Contributions and Donations

Non-cash contributions and donations are recorded at their fair market value on the date donated. Contributions and donations recognized for the 2017 fiscal school year totaled $348,532.

O. Pensions

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year, the School implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 77, *Tax Abatement Disclosures.* This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the School.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES (Continued)

This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School.

GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. These changes were incorporated in the School's financial statements, however, there was no effect on beginning net position.

NOTE 4 – SPONSORSHIP AND MANAGEMENT AGREEMENTS

Commencing July 1, 2012, the School was approved for operation under an amended and restated contract with the Educational Service Center of Lake Erie West (the "Sponsor") for a period of five years. The terms of the contract were negotiated. Sponsorship fees are calculated as 2.0% and 2.5% of the fiscal year 2017 foundation payments received by the School, from the State of Ohio. The total amount due from the School for fiscal year 2017 was $39,792, all of which was paid as of June 30, 2017. Sponsorship fees are recorded as professional and technical services within the purchased service expense on the Statement of Revenues, Expenses, and Changes in Net Position.

The School entered into an agreement with Breakthrough Charter Schools (BCS) to provide academic and business services beginning July 1, 2010 for an initial term of five years. The School and BCS have entered into a transition agreement for the School to operate independent of BCS as of July 1, 2017. (See Note 18)

NOTE 4 – SPONSORSHIP AND MANAGEMENT AGREEMENTS (Continued)

Management fees are calculated as 10% of the fiscal year 2017 Foundation payments received by the School from the State of Ohio. The total amount due from the School for the fiscal year ending June 30, 2017 was $183,624, all of which was paid as of June 30, 2017. Management fees are recorded as professional and technical services within the purchased service expense on the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 5 – DEPOSITS

Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all School's deposits was $495,832. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2017, $250,000 of the School's bank balance of $559,590 was covered by FDIC and $309,590 was exposed to custodial risk as discussed below, as it was not covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

NOTE 6 – RECEIVABLES

Receivables at June 30, 2017, consisted of intergovernmental receivables arising from grants and entitlements, pension receivable, pledge receivables and other receivables. Intergovernmental receivables are considered collectible in full due to the current year guarantee of federal funds and the stable condition of state programs.

NOTE 6 – RECEIVABLES (Continued)

A summary of the principal items of receivables follows:

	Receivables
Intergovernmental:	
Title I	$ 46,941
Title II-A	880
IDEA B	9,848
Food Service	6,591
Total Intergovernmental	64,260
Pension Receivable	14,954
Other Receivable	262,835
Pledge Receivable	176,819
Total Receivables	$ 518,868

Loan Receivable – On June 28, 2013, the School entered into a memorandum of understanding (MOU) with Friends of Breakthrough Schools and Neighborhood Progress, Inc. This MOU provides an understanding that a building will be developed into an adaptive re-used facility that will house the School operations along with various other entities' operations. The School began use of the facility in August 2013.

Through this MOU, the School provided a $400,000 pre-closing loan to Neighborhood Progress, Inc. This loan bears a zero percent interest rate and shall be due and payable on the date occurring thirty-six months after the closing date of the project financing. As of June 30, 2017, the loan balance is $100,000.

On April 19, 2017, the Board of Directors of School approved a short-term, zero-interest loan of $100,000 to Intergenerational Cleveland for initial operating costs and contract payments to be repaid on or before October 31, 2017. The Intergenerational Cleveland organization is a non-profit organization established to provide operational and fundraising services to support the Intergenerational Schools in Cleveland Ohio. The full amount of the Loan was paid back to Intergenerational Cleveland in October 2017.

NOTE 7 – TAX DISTRIBUTION

The Breakthrough network of schools participate in a partnership with the Cleveland Municipal School District (CMSD) for a property tax levy of 1 mill based on the assessed real property value within the CMSD. The levy is for four years and was passed in November 2012 and started collection in January 2013. On November 8, 2016, this levy was renewed for an additional four years.

NOTE 8 – CAPITAL ASSETS

A summary of the School's capital assets at June 30, 2017, follows:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Capital Assets:				
Leasehold Improvements	$ 54,789	$ -	$ -	$ 54,789
Furniture, Equipment, and Computers	122,826	-	-	122,826
Total Capital Assets	177,615	-	-	177,615
Less Accumulated Depreciation:				
Leasehold Improvements	(54,789)	-	-	(54,789)
Furniture, Equipment, and Computers	(122,826)	-	-	(122,826)
Total Accumulated Depreciation	(177,615)	-	-	(177,615)
Total Capital Assets, Net	$ -	$ -	$ -	$ -

NOTE 9 – RISK MANAGEMENT

A. Insurance Coverage

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

For the fiscal year ended 2017, the School contracted with the O'Neill Group with the following insurance coverage:

Commercial General Liability per Occurrence	$1,000,000
Commercial General Liability Aggregate	3,000,000
Umbrella Coverage per Occurrence	15,000,000
Umbrella Coverage per Aggregate	15,000,000
Commercial Property ($5,000 Deductible)	150,000
Crime Coverage ($1,000 Deductible) Each Employee	1,000,000

NOTE 9 – RISK MANAGEMENT (Continued)

Computer Coverage ($1,000 Deductible)	100,000
Employee Benefits Liability ($1,000 Deductible) Each Employee	1,000,000
Employee Benefits Liability ($1,000 Deductible) Aggregate	1,000,000
Employers Stop Gap Liability	1,000,000
School Board Legal Liability per Aggregate ($2,500 Deductible)	1,000,000
School Board Legal Liability per Occurrence ($2,500 Deductible)	3,000,000
Sexual Misconduct Liability per Occurrence/Aggregate	1,000,000
Student Accident per Aggregate ($500 Deductible)	250,000

Settled claims have not exceeded this commercial coverage in any of the past three years, nor has there been any significant reduction insurance coverage from the prior year. The School owns no property, but leases a facility located at 11327 Shaker Blvd., Suite 200 E, Cleveland, Ohio 44104. Refer to Note 15 for additional information.

B. Workers' Compensation

The School makes premium payments to the Ohio Workers' Compensation System for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

C. Employees Medical, Dental, Vision, Life and Disability Benefits

Effective January 1, 2011, Breakthrough Charter Schools contracted through an independent carrier to provide insurance to all employees who work 30 or more hours per week. Employees have a choice of two medical plans. The School subsidizes more percentage-wise for an employee plan as compared to a family plan. The School subsidizes between 52 – 75% of the Point of Service (PPO) $250/$500 deductible plan and subsidizes between 65 – 86% for the Health Savings Account (HSA) $2,600/$5,200 deductible plan. The school subsidizes 50% for dental insurance. Vision insurance and voluntary life is paid by the employee. Long-term disability insurance, short-term disability, and basic life insurance benefits are paid by the School. Total insurance benefits paid by the School for the fiscal year were $116,157.

NOTE 10 – CONTINGENCIES

A. Grants

The School received financial assistance from State agencies in the form of grants. The expense 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.

NOTE 10 – CONTINGENCIES

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 School at June 30, 2017.

B. Litigation

The School is not involved in any litigation that, in the opinion of management, would have material effect on the financial statements.

C. State Foundation Funding

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 did not perform 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 contracts with their Sponsor and Management Company require 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.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Net Pension Liability (Continued)

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.0063745%	0.00937729%	
Proportion of the Net Pension Liability Current Measurement Date	0.0075046%	0.00994049%	
Change in Proportionate Share	0.0011301%	0.0005632%	
Proportionate Share of the Net Pension Liability	$549,267	$3,327,381	$3,876,648
Pension Expense	$37,383	$252,105	$289,488

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$7,409	$134,442	$141,851
Changes of assumptions	36,667	-	36,667
Net difference between projected and actual earnings on pension plan investments	45,307	276,262	321,569
Changes in proportion and differences	47,953	127,801	175,754
School contributions subsequent to the measurement date	28,234	153,529	181,763
Total Deferred Outflows of Resources	$165,570	$692,034	$857,604
Deferred Inflows of Resources			
Changes in proportion and differences	$ 79,339	$ 72,521	$ 151,860

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Net Pension Liability (Continued)

$181,763 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$2,748	$72,804	$75,552
2019	2,718	72,807	75,525
2020	39,508	178,808	218,316
2021	13,023	141,565	154,588
Total	$57,997	$465,984	$523,981

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.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Net Pension Liability (Continued)

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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

The most recent experience study was completed June 30, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Stratagies	10.00	3.00
Total	100.00 %	

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Net Pension Liability (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$727,196	$549,267	$400,334

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Net Pension Liability (Continued)

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, valuation are based on the results of an actuarial experience study, effective July 1, 2012. The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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 %	7.61 %

***** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Net Pension Liability (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$4,421,820	$3,327,381	$2,404,159

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's NPL is expected to be significant.

B. School Employees Retirement System (SERS)

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

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 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.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System (SERS) (Continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years 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 3 percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund).

For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $28,234 for fiscal year 2017. Of this amount $1,337 is reported as an accrued wages and benefits.

C. State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

C. State Teachers Retirement System (STRS) (Continued)

Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11.5 of the 13.0 percent member rates goes to the DC Plan and 1.5 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

C. State Teachers Retirement System (STRS) (Continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $153,529 for fiscal year 2017. Of this amount $16,398 is reported as an accrued wages and benefits.

NOTE 12 – POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System (SERS)

Plan Description – In addition to a cost-sharing, multiple-employer defined benefit pension plan the School Employees Retirement System (SERS) administers two post-employment benefit plans.

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

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

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (SERS) (Continued)

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14 percent contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at $23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $2,938, $3,329, and $1,574, respectively. For fiscal year 2017, the full amount is being reported as accounts payable. The full amount has been contributed for fiscal years 2016 and 2015.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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

B. State Teachers Retirement System (STRS)

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

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

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (STRS) (Continued)

Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

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

Funding Policy - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14.00 percent employer contribution rate, no allocation was made to post-employment health care for the years ended June 30, 2017, June 30, 2016 and June 30, 2015. The 14.00 percent employer contribution rate is the maximum rate established under Ohio law.

NOTE 13 – LONG TERM LIABILITIES

The changes in the School's long-term obligations during fiscal year 2017 were as follows:

	Balance as of 6/30/2016	Additions	Deletions	Balance as of 6/30/2017
Net Pension Liability:				
STRS	$ 2,591,608	$ 735,773	$ -	$3,327,381
SERS	363,735	185,532	-	549,267
Total Long-Term Liabilities	$ 2,955,343	$ 921,305	$ -	$3,876,648

The net pension liability is discussed further in Note 11.

NOTE 14 – PURCHASED SERVICES

For the fiscal year ended June 30, 2017, purchased service expenses were payments for services rendered by various vendors, and are as follows:

Professional and Technical Services	$ 438,168
Property Services	374,113
Travel Mileage/Meeting	2,436
Communications	7,953
Utilities	51,112
Contracted Craft or Trade Service	59,115
Pupil Transportation	14,980
Total	$ 947,877

NOTE 15 – OPERATING LEASES

The School entered into a lease agreement with Saint Luke's Phase III Master Tenant, LLC for the property located on 11327 Shaker Blvd., Suite 200 E, Cleveland, OH 44104. The lease is for a ten-year period. Rent expenses and related expenses under the lease were $255,516 for the fiscal year ended June 30, 2017.

During the subsequent year and the remainder of the lease term, the annual rent expense is as follows:

June 30,	Rent
2018	$ 169,824
2019	169,824
2020	169,824
2021	411,195
2022	411,195
2023	415,307
Total	$1,747,169

NOTE 16 – FISCAL AGENT

The Academic and Business Services Agreement states Breakthrough Charter Schools (BCS) shall be responsible and accountable for the following financial functions:

- Provision of a licensed fiscal officer (treasurer);
- Payment of school expenditures with school funds;
- Maintenance of adequate cash balances to cover payroll and payments to vendors; and
- Payroll.

NOTE 17 – FRIENDS OF BREAKTHROUGH DONATION

The School is a separate corporation from Friends of Breakthrough Schools, an Ohio not-for-profit corporation. Friends of Breakthrough Schools is an agency that was organized to provide funding for operations for Breakthrough Charter Schools. Friends of Breakthrough Schools pledged $290,654 for operating expenses for the School. Of that amount, $176,819 is recorded as a pledge receivable as of June 30, 2017, and will be paid during the subsequent school year.

NOTE 18 – TRANSITION SUPPORT AGREEMENT

The Intergenerational Schools, including The Intergenerational School, Near West Intergenerational School and Lakeshore Intergenerational School, decided to move toward a different management structure beginning July 1, 2017. During Fiscal Year 2017, the Boards for each of the Intergenerational Schools negotiated a Transition Support Agreement with Breakthrough Charter Schools and Friends of Breakthrough Schools to end any prior agreements between and among the Intergenerational Schools and Breakthrough Charter Schools or Friends of Breakthrough (effective July 1, 2017), including prior Academic and Business Services Agreements. The Parties agreed to work cooperatively and committed to ensuring there was no disruption in the education of students served by these organizations throughout the transition.

As part of the Transition Support Agreement, Friends of Breakthrough agreed to pay or guarantee payment in quarterly installments due on the first day of each fiscal quarter to the Intergenerational Schools as follows: (a) $1.25 million for Fiscal Year 2018; (b) $1 million for Fiscal Year 2019; and (c) $750k for Fiscal Year 2020. All parties agreed the guarantee payments from FOB may be reduced if the Intergenerational Schools receive contributions from specified donors. The Boards of the Intergenerational Schools agreed to have all payments from Friends of Breakthrough be directed to Intergenerational Cleveland, a non-profit organization dedicated to the advancement of students enrolled in The Intergenerational School, Near West Intergenerational School and Lakeshore Intergenerational School. Each of the three Intergenerational Schools has representation on the Board of the non-profit Intergenerational Cleveland Board.

BREAKTHROUGH CHARTER SCHOOLS:
THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

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

	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0075046%	0.0063745%	0.0090090%	0.0090090%
School's Proportionate Share of the Net Pension Liability	$ 549,267	$ 363,735	$ 455,940	$ 535,736
School's Covered-Employee Payroll	$ 233,064	$ 191,904	$ 261,789	$ 241,344
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.67%	189.54%	174.16%	221.98%
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's measurement date which is the prior fiscal period end.

BREAKTHROUGH CHARTER SCHOOLS:
INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Required Supplementary Information
Schedule of School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.00994049%	0.00937729%	0.00980006%	0.00980006%
School's Proportionate Share of the Net Pension Liability	$ 3,327,381	$ 2,591,608	$ 2,383,714	$ 2,839,464
School's Covered-Employee Payroll	$ 1,051,800	$ 955,214	$ 1,001,292	$ 984,146
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	316.35%	271.31%	238.06%	288.52%
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's measurement date which is the prior fiscal period end.

BREAKTHROUGH CHARTER SCHOOLS:
INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

Required Supplementary Information
Schedule of School's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$ 28,234	$ 32,629	$ 25,293	$ 36,284	$ 33,402	$ 48,219	$ 47,008	$ 33,129	$ 25,521	$ 18,633
Contributions in Relation to the Contractually Required Contribution	(28,234)	(32,629)	(25,293)	(36,284)	(33,402)	(48,219)	(47,008)	(33,129)	(25,521)	(18,633)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School Covered-Employee Payroll	$ 201,671	$ 233,064	$ 191,904	$ 261,789	$ 241,344	$ 358,506	$ 373,970	$ 244,675	$ 259,360	$ 189,745
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

BREAKTHROUGH CHARTER SCHOOLS:
INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY, OHIO

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$ 153,529	$ 147,252	$ 133,730	$ 130,168	$ 127,939	$ 121,799	$ 127,854	$ 110,319	$ 84,327	$ 70,818
Contributions in Relation to the Contractually Required Contribution	(153,529)	(147,252)	(133,730)	(130,168)	(127,939)	(121,799)	(127,854)	(110,319)	(84,327)	(70,818)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$1,096,636	$1,051,800	$ 955,214	$1,001,292	$ 984,146	$ 936,915	$ 983,492	$ 848,608	$ 648,669	$ 544,754
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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 (h) change in discount rate from 7.75% to 7.5%.

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.

December 23, 2017

To the Board of Trustees
Breakthrough Charter Schools: Intergenerational School
11327 Shaker Boulevard
Suite 200 E
Cleveland, Ohio 44104

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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 Breakthrough Charter Schools: Intergenerational School, Cuyahoga County, Ohio (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 23, 2017.

Internal Control over Financial Reporting,

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

Medina, Ohio

Dave Yost • Auditor of State

THE INTERGENERATIONAL SCHOOL

CUYAHOGA 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
MARCH 13, 2018

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