MENLO PARK ACADEMY
CUYAHOGA COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

Dave Yost • Auditor of State

MENLO PARK ACADEMY
CUYAHOGA COUNTY
JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Menlo Park Academy
Cuyahoga County
2149 West 53rd Street
Cleveland, Ohio 44102

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Menlo Park Academy, Cuyahoga County, Ohio (the Academy), as of and for the year ended June 30, 2017, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

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

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Emphasis of Matter

As discussed in Note 15 to the financial statements, the Academy's financial statements have been restated to present the blended component units with a December 31 fiscal year end instead of a June 30 fiscal year end. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Information

Our audit was conducted to opine on the Academy's basic financial statements taken as a whole.

The financial sections combining statements present additional analysis and are not a required part of the basic financial statements.

We did not subject the combining statements to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2018 on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

November 6, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (UNAUDITED)

The discussion and analysis of the financial performance for Menlo Park Academy and its blended component units (collectively "the School") provides an overall review of the School's financial activities for the fiscal years ended June 30, 2017 and December 31, 2016, respectively. The component units are made up of West 53rd Holdings, LLC, TAE Manager, LLC, and West 53rd Master Tenant, LLC and are more fully described in the Notes to the Financial Statements. The intent of this discussion and analysis is to look at the financial performance of the School as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

FINANCIAL HIGHLIGHTS

Key Financial Highlights for the School for the 2016-17 school year are as follows:

- Total Assets and Deferred Outflows of Resources increased $16,442,958 primarily as a result of increased cash balances and capital related expenses in the component units that were tied to the School's major facility construction project.
- Total Liabilities and Deferred Inflows of Resources increased $11,583,637 primarily as a result of increased debt obligations in both the School and component units that were also tied to the School's major facility construction project.
- Total Net Position increased $4,859,321 largely due to the recognizing a State facility grant.
- Total Operating and Non-Operating Revenues were $8,995,650. Total Operating and Non-Operating Expenses were $4,136,329.

USING THIS ANNUAL REPORT

This report consists of four parts: the MD&A, the basic financial statements, required supplemental information, and supplementary information. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect how the School did financially during fiscal year 2017. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

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 whether 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. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors. The School uses enterprise presentation for all of its activities.

USING THIS ANNUAL REPORT (Continued)

Statement of Net Position **-** The Statement of Net Position answers the question of how the School did financially during 2017. This statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource 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.

Table 1 provides a summary of the School's Net Position for fiscal year 2017 compared to fiscal year 2016.

Table 1
Statement of Net Position

	2017	2016 (Restated)
Assets		
Current Assets	$ 12,539,561	$ 434,576
Noncurrent Assets	1,214,806	-
Capital Assets, Net of Accumulated Depreciation	3,234,147	667,523
Total Assets	16,988,514	1,102,099
Deferred Outflows of Resources – Pension	1,478,008	921,465
Liabilities		
Current Liabilities	1,787,496	305,073
Noncurrent Liabilities	13,906,872	3,711,967
Total Liabilities	15,694,368	4,017,040
Deferred Inflows of Resources - Pension	119,182	212,873
Net Position		
Net Investment in Capital Assets	210,370	192,523
Unrestricted	2,442,602	(2,398,872)
Total Net Position	$ 2,652,972	$ (2,206,349)

Current and Capital Assets both increased significantly over 2016 as the School's facility construction project begun during the fiscal year. Increased debt obligations over 2016 provided the financing for a large part of the project. Closing on the financing took place on October 28, 2016 and work on the project started in November, which resulted in a significant amount of cash on hand in the component units at year end. Finally, $3,136,139 of the School's $4,635,885 OFCC Grant Award was receivable at year end, which was an increase over 2016.

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 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.

USING THIS ANNUAL REPORT (Continued)

Statement of Net Position (continued)

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.

USING THIS ANNUAL REPORT (Continued)

Statement of Net Position (continued)

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 of resources.

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.

Over time, Net Position can serve as a useful indicator of the School's financial position. At June 30, 2017, the School's net position totaled $2,652,972.

Current assets represent cash and cash equivalents, intergovernmental and OFCC receivables, and other assets. Current liabilities represent accounts payable, accrued wages and benefits, accrued expenses, current portion of long-term debt and withholdings payable at fiscal year-end.

USING THIS ANNUAL REPORT (Continued)

Statement of Revenues, Expenses and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 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, for the School as a whole, the financial position of the School 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.

Table 2
Change in Net Position

	2017	2016
Operating Revenue		
State Aid	$2,785,068	$ 2,431,330
Classroom Materials and Fees	233,698	172,059
Charges for Services	67,720	73,730
Other	99,771	106,815
Total Operating Revenues	3,186,257	2,783,934
Operating Expenses		
Salaries	1,574,462	1,559,659
Fringe Benefits	751,662	515,155
Purchased Services	1,205,244	901,309
Supplies	206,899	172,189
Other Operating Expenses	13,958	13,053
Depreciation	80,021	76,826
Total Operating Expenses	3,832,246	3,238,191
Operating Income (Loss)	(645,989)	(454,257)
Non-Operating Revenues and Expenses:		
Federal and State Grants	4,707,829	61,181
Contributions and Donations	806,048	129,591
Pass-Thru Expenses	(44,915)	-
Intergovernmental Revenue	47,818	90,686
Interest Income	247,698	257
Interest Expense	(259,168)	-
Total Non-Operating Revenues and Expenses:	5,505,310	281,715
Change in Net Position	4,859,321	(172,542)
Net Position, Beginning of Year	(2,206,349)	(2,033,807)
Net Position, End of Year	$ 2,652,972	$ (2,206,349)

USING THIS ANNUAL REPORT (Continued)

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Operating revenue increased over 2016 primarily due to increased enrollment. This increase also resulted in increased expenses in the area of Purchased Services.

During the fiscal year, the School was awarded an Ohio Facilities Construction Commission Grant of $4,635,885 to assist with the overall facility project. This resulted in an increase in Non-Operating Revenues over 2016. As mentioned previously in this discussion, $3,136,139 of this amount was receivable at year end.

Increases in Contributions over 2016 were primarily related to outside equity contributions made to the component units for purposes of funding the project. Interest Income and Interest Expense also reflected activity during fiscal year 2017 as a result of the project.

BUDGETING HIGHLIGHTS

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided in the community school's contract with its Sponsor.

The contract between the School and its Sponsor does prescribe a budgetary process. The School must prepare and submit a detail budget for every fiscal year to the Board of Directors and its Sponsor. The five-year forecast is also submitted to the Ohio Department of Education, annually.

CAPITAL ASSETS

At fiscal year end, the School's net capital asset balance was $3,234,147. This balance represents current year additions of $3,157,195 related to the project, deletions of $510,550 from Construction in Progress and offset by current year depreciation of $80,021. For more information on capital assets, see Note 6 of the Basic Financial Statements.

DEBT

As discussed, the School and its component units took on debt obligations related to the facility project during the reporting period.

In total, $9,826,000 of financing was provided through The Reinvestment Fund ($6,400,000) and PNC Bank ($3,426,000). $650,000 of the amount provided by The Reinvestment Fund was classified as current on the Statement of Net Position, and remainder was classified as long-term. For more information on the School's debt obligations, including the terms and related amortization tables, see Note 7 of the Basic Financial Statements.

CURRENT FINANCIAL ISSUES

The School is a community School and is funded through the State of Ohio Foundation Program. The School relies on this, as well as, State and Federal funds as its primary source of revenue. In 2017, the State raised the base per pupil funding to $6,000, which is up from $5,900 in the previous year. Additionally, community schools in Ohio will be allocated a small amount of facilities funding which is also per pupil based. This amount is projected to be $200 per pupil.

The full-time equivalent enrollment of the School for the year ended June 30, 2017 was 403.09 compared to a figure of 364.67 at the end of fiscal year 2016.

Overall, the School will continue to provide learning opportunities and apply resources to best meet the needs of the students served.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, investors and creditors with a general overview of the School's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information, contact the School's Fiscal Officer, C. David Massa, CPA, of Massa Financial Solutions, LLC, 2149 West 53rd Street, Cleveland, OH 44102.

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

Statement of Net Position
At June 30, 2017

Assets:	
Current Assets:	
Cash and Cash Equivalents	9,305,201
Accounts Receivable	40,468
Intergovernmental Receivable	56,503
OFCC Grant Receivable	3,136,139
Other Assets	1,250
Total Current Assets	12,539,561
Noncurrent Assets:	
Invested in Component Units	1,214,806
Capital Assets, net of Accumulated Depreciation	3,234,147
	4,448,953
Total Assets	16,988,514
Deferred Outflows of Resources - Pension	1,478,008
Liabilities:	
Current Liabilities:	
Accounts Payable, Trade	941,099
Accrued Wages and Benefits	150,741
Withholdings Payable	8,600
Accrued Expenses	37,056
Current Portion of Long-Term Debt	650,000
Total Current Liabilities	1,787,496
Noncurrent Liabilities:	
Net Pension Liability	4,730,872
Noncurrent Portion of Long-Term Debt	9,176,000
Total Noncurrent Liabilities	13,906,872
Total Liabilities	15,694,368
Deferred Inflows of Resources - Pension	119,182
Net Position:	
Net Investment in Capital Assets	210,370
Unrestricted Net Position	2,442,602
Total Net Position	$ 2,652,972

See Accompanying Notes to the Basic Financial Statements

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

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

Operating Revenues:	
State Aid	$ 2,785,068
Classroom Materials and Fees	233,698
Charge for Services	67,720
Miscellaneous	99,771
Total Operating Revenues	3,186,257
Operating Expenses:	
Salaries	1,574,462
Fringe Benefits	167,680
Fringe Benefits - GASB 68	583,982
Purchased Services	1,205,245
Depreciation	80,021
Supplies	206,899
Other Operating Expenses	13,958
Total Operating Expenses	3,832,246
Operating Loss	(645,989)
Non-Operating Revenues and Expenses:	
Federal Grants	71,944
Ohio Facilities Construction Commission Grant	4,635,885
Intergovernmental Revenue	47,818
Pass-Thru Expenses	(44,915)
Contributions and Donations	806,048
Interest Income	247,698
Interest Expense	(259,168)
Net Nonoperating Revenues and Expenses	5,505,310
Change in Net Position	4,859,321
Net Position, Beginning of Year	(2,206,349)
Net Position, End of Year	$ 2,652,972

See Accompanying Notes to the Basic Financial Statements

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES	
State Aid Receipts	$ 2,784,327
Other Operating Receipts	410,719
Cash Payments to Suppliers for Goods and Services	(2,580,848)
Cash Payments to Employees for Services	(1,574,462)
Cash Payments for Employee Benefits	(372,497)
Net Cash Used For Operating Activities	(1,332,761)
CASH FLOWS FROM INVESTMENT ACTIVITIES	
Investment in Component Units	29,493
Net Cash Used for Investment Activities	29,493
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental Revenues	83,719
Contributions and Donations Receipts	649,176
Federal Grant Receipts	71,944
Net Cash Provided By Noncapital Financing Activities	804,839
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash Received from Loan Proceeds	9,826,000
Cash Payments for Capital Assets	(1,763,903)
Cash Received from OFCC State Grant	1,499,746
Cash Received from Interest Income	245,798
Cash Payments for Interest Expense	(259,168)
Net Cash Provided By Capital and Related Financing Activities	9,548,473
Net Increase in Cash and Cash Equivalents	9,050,044
Cash and Cash Equivalents - Beginning of the Year	255,157
Cash and Cash Equivalents - End of the Year	$ 9,305,201

(Continued)

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Statement of Cash Flows

Reconciliation of Operating Loss to Net Cash Used For Operating Activities

Operating Loss	$ (645,989)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
Depreciation	80,021
Changes in Assets, Liabilities, and Deferred Inflows and Outflows:	
(Increase)/Decrease in Receivables	(127,896)
(Increase)/ Decrease in Deferred Outflows	(556,543)
Increase/ (Decrease) in Deferred Inflows	(93,691)
Increase/ (Decrease) in Net Pension Liability	1,018,905
(Increase)/Decrease in Other Assets	(1,174,510)
Increase/(Decrease) in Accounts Payable, Trade	85,134
Increase/(Decrease) in Accrued Expenses	81,808
Net Cash Used For Operating Activities	$ (1,332,761)

See Accompanying Notes to the Basic Financial Statements

NOTE 1 - DESCRIPTION OF THE ENTITY

Menlo Park Academy ("MPA") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. MPA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect MPA's tax-exempt status. MPA's objective is to provide educational services to gifted students in grades kindergarten through 8th grade. MPA, 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. MPA may acquire facilities as needed and contract for any services necessary for the operation of MPA.

MPA entered into a sponsorship agreement with Educational Service Center of Lake Erie West (the "Sponsor") on September 16, 2008 amended as of July 1, 2011 for a period through June 30, 2021. The Sponsor is responsible for evaluating the performance of MPA and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. MPA operates under the direction of a Governing Board. The Governing 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 Governing Board controls MPA's one instructional/support facility staffed by 9 noncertified and 27 certified personnel who provide services to students.

Component Units **-** As defined by GAAP, the reporting entity consists of the School, as well as, component units, which are legally separate organizations for which the officials of the School are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the School, or (b) the possibility that the component units will provide a financial benefit to or impose a financial burden on the School, or (c) the component units are financially dependent on the School. In addition, component units can be other organizations for which the nature and significance of their relationship with a School are such that exclusion would cause the reporting entity's financial statements to be misleading. Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component units outside of the basic financial statement totals of the primary government. The School is reporting as blended component units within its financial statements. The blending method was applied to the component units mainly because the management of the School has operational responsibilities for the component units.

On December 4, 2014 Menlo Park Academy formed West 53rd Holdings, LLC which is a wholly-owned and controlled subsidiary. West 53rd Holdings, LLC was formed to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease real property in a manner that furthers the charitable purpose of the School, by providing a decent, safe, sanitary facility for school operations. West 53rd Holdings, LLC had activity in the prior year. During fiscal year 2017, there were two additional entities which had activity in them related to the construction project. These were TAE Manager, LLC and West 53rd Master Tenant, LLC. The activity of these entities, along with West 53rd Holdings, LLC is reflected in these statements as a blended component unit with the financial activity of the School, Menlo Park Academy. All of the component unit entities have a December 31st year end, which differs from the School's year end of June 30. Certain accounting differences between the School and the component units may exist due to the different fiscal years presented.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School 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.

Basis of Presentation **-** The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Change in Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus and Basis of Accounting **-** Enterprise accounting used a flow of economic resources measurement focus. Under this measurement focus, all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources are included on the Statement of Net Position. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when 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 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided for in the School's sponsorship agreement. The contract between the School and its Sponsor requires a detailed budget for each year of the contract.

Cash and Cash Equivalents **-** Cash received by the School is reflected as "Cash and Cash Equivalents" on the Statement of Net Position. The School did have one investment account during the fiscal year ended June 30, 2017 that was classified as a cash equivalent.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation **-** Capital assets are capitalized at cost after being placed in service. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the financial records and any gain or loss is included in additions to or deductions from Net Position. Capital assets were $3,234,147, as of June 30, 2017, net of accumulated depreciation. Depreciation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets once the asset has been placed in service. The useful lives of each asset class are as follows:

Asset Class	Useful Life
Computers & Software	3 years
Furniture, Fixtures, & Equipment	5 years
Building	39 years
Leasehold Improvements	2-4 years

The School's policy for asset capitalization threshold is $5,000. Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompanying Statement of Net Position.

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

Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

The School also participates in various federal programs passed through the Ohio Department of Education, as well as a grant received from the Ohio Facilities Construction Commission.

Under the above programs the School recorded $2,785,068 this fiscal year from the Foundation Program and $4,707,829 from Federal and State grants and $47,818 from other intergovernmental sources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by MPA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Accrued Liabilities **-** Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisted of Accounts Payable, Accrued Expenses, Accrued Wages and Benefits, Withholdings Payable and the Current Portion of Long-Term Debt totaling $1,787,496 at June 30, 2017. $792,922 of this amount related to Accounts Payable liabilities of the blended component units.

Exchange and Non-Exchange Transactions **-** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the 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 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 expenditures requirements, in which the resources are provided to the School on a reimbursement basis.

Operating Revenues and Expenses **-** Operating revenues are those revenues that are generated directly from the primary activities of the School. For the School, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

Deferred Inflows and Deferred Outflows of Resources **-** In addition to assets, the 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. 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 9.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows and Deferred Outflows of Resources (continued)

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. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 9)

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/deletions from their fiduciary net positon 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.

Implementation of New Accounting Principles **-** For the fiscal year ended June 30, 2017, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73.*

GASB Statement No. 77 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 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School's fiscal year 2017 financial statements; however, there was no effect on beginning net position.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

The School and its component units maintain its cash and investment balances at Huntington Bank, as well as, PNC Bank. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, per qualifying account. The School also maintains a PEX card account that operates as a prepaid debit card account. The book balance of the PEX account as of June 30, 2017 was $1,885. At June 30, 2017, the book amount and bank balance of the School and its component units was as follows:

		Book	Bank Balance
School			
	Huntington	$ 301,157	$ 352,072
	PNC Bank	$ 574,203	$ 574,203
		$ 875,360	$ 926,275
Component Units			
	PNC Bank	$ 8,429,841	$ 8,429,841
	Total	**$ 9,305,201**	**$ 9,356,116**

The School had no deposit policy for custodial risk beyond the requirement of state statute of $426,275. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2017, $426,275 of the bank balance was exposed to custodial credit risk.

NOTE 4 - RECEIVABLES

The School has intergovernmental receivables totaling $56,503 at June 30, 2017. These receivables represented monies earned from the State Foundation Program and the State Retirement systems, but not received as of year-end. The School also had an OFCC grant receivables totaling $3,136,139 at June 30, 2017 which related to remaining monies from a facility grant award that were not drawn as of year-end.

Finally, the School had a $6,074,000 loan receivable from monies provided to West 53rd Holdings, LLC (a component unit) for the renovation and expansion of the new School facility located at 2149 West 53rd St. in Cleveland, Ohio. The School funded this loan with a portion of the proceeds received at closing from The Reinvestment Fund. The loan is not reflected on the Statement of Net Position as is was eliminated in consolidation of the various entities, however, it is shown in the statements provided in the Supplementary Information section of this report.

NOTE 5 – INVESTMENT IN COMPONENT UNITS

At year end, the School had $1,214,806 invested in the component units. This amount represented equity contributions to TAE Manager, LLC as of June 30, 2017 made by the School through the receipt of funds from the Ohio Facilities Construction Commission. All the contributions were made in the first half of calendar year 2017. As the component unit's year end in the accompanying financial statements is December 31, 2016, this amount was not eliminated as an intra-company transaction in the consolidated statement.

NOTE 6 - CAPITAL ASSETS

For the fiscal year ended June 30, 2017, capital assets consisted of the following:

	(Restated) Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Capital Assets:				
Building (Construction in Progress)	$ 287,916	$ -	$ (262,916)	$ 25,000
Construction in Progress	247,634	3,157,195	(247,634)	3,157,195
Furniture, Fixtures, & Equipment	124,986	-	-	124,986
Computers & Software	169,800	-	-	169,800
Leasehold Improvements	82,714	-	-	82,714
Total Capital Assets	913,050	3,157,195	(510,550)	3,559,695
Less Accumulated Depreciation:				
Furniture, Fixtures, & Equipment	(82,290)	(11,188)	-	(93,477)
Computers & Software	(109,771)	(56,600)	-	(166,372)
Leasehold Improvements	(53,466)	(12,233)	-	(65,699)
Total Accumulated Depreciation	(245,527)	(80,021)	-	(325,548)
Capital Assets, Net	$ 667,523	$ 3,077,174	$(510,550)	$ 3,234,147

The $3,157,195 of additions reflected under Construction in Progress was related to $3,023,777 accumulated activity through December 31, 2016 *in the component units* for construction of the new School facility and $133,418 of capitalized loan origination costs by the School. These costs will be fully capitalized and amortized when the building is placed in service at the completion of the project.

The $510,550 of deletions represented the removal of the Building ($262,916) and Construction in Progress ($247,634) balances from the School's books and recording them as assets in the component units, as part of the School's equity contribution to the facility project.

As reflected above, the July 1, 2016 balances were restated as described in Note 15.

NOTE 7 – LOANS PAYABLE and LONG-TERM OBLIGATIONS

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

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017	Amount Due within One Year
Net Pension Liability:					
STRS	$ 3,186,430	$ 1,097,085	$ -	$ 4,283,515	$ -
SERS	525,537	-	(78,180)	447,357	-
Total Net Pension Liability	3,711,967	1,097,085	(78,180)	4,730,872	-
TRF Leverage Loan A	-	5,750,000	-	5,750,000	-
TRF Leverage Loan B	-	650,000	-	650,000	650,000
CNMIF II (U), LLC	-	3,426,000	-	3,426,000	-
Total Loan Liabilities	-	9,826,000	-	9,826,000	650,000
Total Long-Term Obligations	$ 3,711,967	$ 10,923,085	$ (78,180)	$ 14,556,872	$ 650,000

The Reinvestment Fund Leverage Loans A & B

TRF (The Reinvestment Fund) Leverage Loan A in the amount of $5,750,000 (long-term) and TRF Leverage Loan B in the amount of $650,000 (short-term) was provided to the School in connection with the new School facility project. The School in turn allocated a significant portion of these proceeds ($6,074,000) to West 53rd Holdings, LLC for use in the development and rehabilitation of the subject property (2149 West 53rd St, Cleveland, Ohio). See also Note 4 for description of the loan receivable.

Pursuant to the loan agreements entered into in October 2016, the TRF Leverage Loan A has a term of 7 years and bears and interest rate of 5.96%. The loan has a balloon payment due at maturity of $4,376,209.

As noted above, TRF Leverage Loan B was considered short-term and was fully repaid in fiscal year 2018.

CNMIF II (U), LLC Loan to West 53rd Holdings, LLC

The loan due to CNMIF II (U), LLC in the amount of $3,426,000 is an obligation of the component unit, West 53rd Holdings, LLC (See Supplementary Information to these financial statements). The loan has a term of 30 years and bears an interest rate of 3.8111%. Interest only payments are due quarterly until October 28, 2023 at which time a principal and interest payments will be due through the maturity date of October 2046.

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Future obligations under each of the long-term loans are as follows:

Year	TRF Leverage Loan A	TRF Leverage Loan B	CNMIF II, LLC
2018	$ 219,138	$ 650,000	$ 130,568
2019	219,138	-	130,568
2020	219,138	-	130,568
2021	219,138	-	130,568
2022	219,138	-	130,568
2023-2027	4,928,908	-	1,034,044
2028-2032	452,855	-	1,129,343
2033-2037	452,855	-	1,129,343
2038-2042	452,855	-	1,129,343
2043-2046	339,641	-	847,006
Total Obligations	7,722,804	650,000	5,921,919
Less: Interest	(1,972,804)	-	(2,495,919)
	$ 5,750,000	**$ 650,000**	**$ 3,426,000**

NOTE 8 - RISK MANAGEMENT

Property & Liability **-** MPA 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. Insurance settlements did not exceed insurance coverage for the past three years. For the fiscal year ended 2017, MPA contracted with Althans Insurance Agency and had the following insurance coverage:

Commercial General Liability per Occurrence	$1,000,000
Commercial General Liability Aggregate	2,000,000
Employee Benefits Liability	1,000,000
Employer's Liability	1,000,000
Employer's (OH Stop Gap) Liability	1,000,000
Automotive Liability - Non-owned Automobiles	1,000,000
Personal Property ($2,500 deductible)	150,000
Computer Equipment ($1,000 deductible)	115,000
Playground Equipment ($1,000 deductible)	23,300
Modular Classroom	20,000
Excess Liability Umbrella	5,000,000
Crime ($2,500 deductible)	250,000
Professional Educators Legal Liability ($1,000 deductible)	1,000,000
Sexual Abuse Liability each claim	1,000,000
Sexual Abuse Liability Aggregate	3,000,000
Directors and Officers Liability	1,000,000

NOTE 8 - RISK MANAGEMENT (continued)

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

Employee Medical and Dental Benefits **-** The School has contracted with a private carrier to provide employee medical and dental insurance to its full-time employees.

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

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 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 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2017.

The School's contractually required contribution to SERS was $29,724, $43,356, and $36,545 for fiscal year 2017, 2016, and 2015 respectively, which equaled the required contribution for those years or 100%.

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

State Teachers Retirement System (STRS) - continued

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity 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 as one defined benefit plan for GASB 68 reporting purposes.

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

State Teachers Retirement System (STRS) – continued

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 to 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 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 $185,587, $178,303, and $168,408 for fiscal year 2017, 2016, and 2015 respectively, which equaled the required contribution for those years or 100%.

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 July 1 2016, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	$ 4,283,515	$ 447,357	$ 4,730,872
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01279692%	0.00611220%	
Prior Measurement Date	0.01152955%	0.00921010%	
Change in Proportionate Share	0.00126737%	-0.00309790%	
Pension Expense	$ 567,430	$ 16,552	$ 583,982

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

State Teachers Retirement System (STRS) – continued

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

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight-line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight-line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 173,073	$ 6,034	$ 179,107
Net Difference between Projected and Actual Earnings on Pension Plan Investments	355,645	36,899	392,544
Changes of Assumptions	-	29,864	29,864
Changes in Proportion and Differences between MPA Contributions and Proportionate Share of Contributions	641,936	19,247	661,183
MPA Contributions Subsequent to the Measurement Date	185,587	29,724	215,311
Total Deferred Outflows of Resources	$ 1,356,241	$ 121,768	$ 1,478,009
Deferred Inflows of Resources			
Changes in Proportion and Differences between MPA Contributions and Proportionate Share of Contributions	$ 0	$ 119,182	$ 119,182

$215,311 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 fiscal year ending June 30, 2018.

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

State Teachers Retirement System (STRS) – continued

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

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$ 311,012	$ (16,894)	$ 294,118
2019	311,010	(16,759)	294,251
2020	337,663	(4,094)	333,569
2021	210,969	10,609	221,578
	$ 1,170,654	$ (27,138)	$ 1,143,516

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, 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	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

Actuarial Assumptions – SERS (continued)

Mortality rates among active members were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the June 30, 2016 actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. 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 %	0.50 %
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
	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. 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 earnings 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.

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School's proportionate share of 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%)
MPA's Proportionate Share of the Net Pension Liability	$ 592,272	$ 447,357	$ 326,056

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 Increase	12.25 percent at age 20 to 2.75 percent at age 70
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 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 no 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.

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

Asset Class	Target Allocation	Long Term Expected 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 percent 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.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School's proportionate share of the net pension liability as of June 30, 2016, calculated using the current period discount rate assumption of 7.75 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
MPA's Proportionate Share of the Net Pension Liability	$ 5,692,443	$ 4,283,515	$ 3,095,001

NOTE 9 - DEFINED BENEFIT PENSIONS PLANS (continued)

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 net pension liability is expected to be significant.

NOTE 10 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System (SERS)

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 School's surcharge obligation was $1,957.

NOTE 10 - POSTEMPLOYMENT BENEFITS (continued)

School Employees Retirement System (SERS) (continued)

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School's contributions for health care for the fiscal year ended June 30, 2015, was $303. The full amount has been contributed for fiscal year 2015.

State Teachers Retirement Systems (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the School did not contribute to health care in the last three fiscal years.

NOTE 11 - CONTINGENCIES

Grants **-** The School received financial assistance from federal and state agencies in the form of grants. Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

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

Full-Time Equivalency **-** 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.

NOTE 11 - CONTINGENCIES (continued)

Full-Time Equivalency (continued)

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 have been finalized and are reflected in the accompanying financial statements. Furthermore, as payments to the School's sponsor are based on revenues received from the State, additional obligations by the School as a result of the final ODE adjustments have been reconciled and paid as of the date of this report.

NOTE 12 - PURCHASED SERVICES

For the period of July 1, 2016 through June 30, 2017, the School made the following purchased services commitments.

Professional and Technical Services*	$ 804,849
Property Services	272,152
Travel and Meetings	31,495
Utilities	38,135
Communications	14,417
Contractual Trade Services	6,215
Pupil Transportation	37,981
	$ 1,205,244

*Professional and Technical Services of $804,849 include charges of $44,500 incurred by component units (See Supplementary Information to these financial statements).

NOTE 13 - LEASE OBLIGATIONS

MPA entered into an operating lease for the period June 1, 2009 through June 30, 2012 with Most Rev. Richard G. Lennon, Bishop of the Roman Catholic Diocese of Cleveland and Trustee for St. Mel Church to lease space to house MPA. At the end of fiscal year 2015, the lease was extended again to June 30, 2016.

On March 31st, 2016 MPA entered into a sublease agreement with D'Anconia Development Company, LLC for fiscal year 2017 to remain in the current school location. Payments made totaled $189,835 for the fiscal year ended June 30, 2017.

NOTE 14 – SUBSEQUENT EVENT

In August 2017, construction on the building was completed and in September 2017, the School opened for classes in its new location at 2149 West 53rd Street, Cleveland, Ohio 44102. Obligations under the sublease between the School and West 53rd Master Tenant began at this time.

NOTE 15 – COMPONENT UNIT CHANGE IN FISCAL YEAR

In the previous audit for the year ended June 30, 2016, the component unit West 53rd Holdings, LLC reported its fiscal year-end consistent with the year-end of the primary government although its year-end for tax reporting purposes is December 31st.

However, during the current audit of the year ended June 30, 2017, it was determined that under GASB, if the year-end of the component unit is different from that of the primary government, it should present its activity as of its last reported year-end, which in this case was December 31,2016 for each of the respective component units (See description of Component Units in Note 1).

This change has required that certain previously audited balances be restated. See below for a summary of the restated accounts and balances:

Capital Assets, Net - June 30, 2016	$ 1,097,145
Effect of Change in Accounting Period (Component Unit)	$ (429,622)
Capital Assets, Net - Restated - June 30, 2016	$ 667,523

Loan Payable - June 30, 2016	$ 475,000
Effect of Change in Accounting Period (Component Unit)	$ (429,622)
Loan Payable - Restated - June 30, 2016	$ 45,378

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEE'S RETIREMENT SYSTEM OF OHIO
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.00611220%	0.00921010%	0.008302%	0.008302%
School's Proportionate Share of the Net Pension Liability	$ 447,357	$ 525,537	$ 420,159	$ 493,693
School's Covered-Employee Payroll	$ 309,686	$ 277,276	$ 243,449	$ 251,243
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	144.46%	189.54%	172.59%	196.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

Information prior to 2014 is not available

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

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE SCHOOL’S PROPORTIONATE SHARE OF NET PENSION LIABILITY STATE TEACHER’S RETIREMENT SYSTEM OF OHIO
LAST FOUR FISCAL YEARS

	2017	206	2015	2014
School's Proportion of the Net Pension Liability	0.01279692%	0.01152955%	0.01069663%	0.01069663%
School's Proportionate Share of the Net Pension Liability	$ 4,283,515	$ 3,186,430	$ 2,601,791	$ 3,099,236
School's Covered-Employee Payroll	$ 1,273,586	$ 1,202,914	$ 1,176,969	$ 890,423
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	336.33%	264.89%	221.06%	348.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

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

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL EMPLOYEE'S RETIREMENT SYSTEM OF OHIO
LAST NINE FISCAL YEARS

	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 29,724	$ 43,356	$ 36,545	$ 33,742	$ 34,772
Contributions in Relation to the Contractually Required Contribution	$ (29,724)	$ (43,356)	$ (36,545)	$ (33,742)	$ (34,772)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 212,314	$ 309,686	$ 277,272	$ 243,449	$ 251,242
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%

	2012	2011	2010	2009
Contractually Required Contribution	$ 23,097	$ 11,706	$ 6,742	$ 901
Contributions in Relation to the Contractually Required Contribution	$ (23,097)	$ (11,706)	$ (6,742)	$ (901)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 171,724	$ 93,126	$ 49,793	$ 9,157
Contributions as a Percentage of Covered-Employee Payroll	13.45%	12.57%	13.54%	9.84%

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST NINE FISCAL YEARS

	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 185,587	$ 178,303	$ 168,408	$ 153,006	$ 115,755
Contributions in Relation to the Contractually Required Contribution	$ (185,587)	$ (178,303)	$ (168,408)	$ (153,006)	$ (115,755)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 1,325,621	$ 1,273,593	$ 1,202,914	$ 1,176,969	$ 890,423
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%

	2012	2011	2010	2009
Contractually Required Contribution	$ 92,691	$ 78,332	$ 44,394	$ 17,437
Contributions in Relation to the Contractually Required Contribution	$ (92,691)	$ (78,332)	$ (44,394)	$ (17,437)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 713,008	$ 602,554	$ 341,492	$ 134,131
Contributions as a Percentage of Covered-Employee Payroll	13.00%	13.00%	13.00%	13.00%

OTHER INFORMATION

Combining Statements of School and Component Units

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Combining Statement of Net Position

Assets:	Menlo Park Academy 6/30/2017	West 53rd Holdings, LLC 12/31/2016	West 53rd Master Tenant, LLC 12/31/2016	TAE Manager, LLC 12/31/2016	Eliminations	Total
Current Assets:						
Cash and Cash Equivalents	$ 875,360	$ 8,408,497	$ 21,344	$ -	$ -	$ 9,305,201
Investments in Related Entities	-	-	315,058	626,229	(941,287)	-
Accounts Receivable	147,807	-	1,096	-	(51,932)	96,971
Grants Receivable	3,136,139	-	-	-	-	3,136,139
Loans Receivable	6,074,000	-	208,725	-	(6,282,725)	-
Other Assets	1,250	-	-	-	-	1,250
Total Current Assets	10,234,556	8,408,497	546,223	626,229	(7,275,944)	12,539,561
Noncurrent Assets:						
Invested in Component Units	1,725,356	-	-	-	(510,550)	1,214,806
Capital Assets, net of	210,370	3,023,777	-	-	-	3,234,147
Accumulated Depreciation	1,935,726	3,023,777	-	-	(510,550)	4,448,953
Total Assets	12,170,282	11,432,274	546,223	626,229	(7,786,494)	16,988,514
Deferred Outflows of Resources	1,478,008	-	-	-	-	1,478,008
Liabilities:						
Current Liabilities:						
Accounts Payable	148,177	792,922	-	-	-	941,099
Accrued Wages and Benefits	150,741	-	-	-	-	150,741
Withholdings Payable	8,600	-	-	-	-	8,600
Accrued Expenses	37,056	1,096	-	-	(1,096)	37,056
Current Poriton of Long-Term Debt	650,000	-		-	-	650,000
Total Current Liabilities	994,574	794,018	-	-	(1,096)	1,787,496
Noncurrent Liabilities:						
Net Pension Liability	4,730,872	-	-	-	-	4,730,872
Noncurrent Portion of Long-term Debt	5,750,000	9,708,725	-	-	(6,282,725)	9,176,000
Total Noncurrent Liabilities	10,480,872	9,708,725	-	-	(6,282,725)	13,906,872
Total Liabilities	11,475,446	10,502,743	-	-	(6,283,821)	15,694,368
Deferred Inflows of Resources	119,182	-	-	-	-	119,182
Net Position/ Equity:						
Net Investment in Capital Assets	210,370	-	-	-	-	210,370
Unrestricted Net Position	1,843,292	929,531	546,223	626,229	(1,502,673)	2,442,602
Total Net Position	$ 2,053,662	$ 929,531	$ 546,223	$ 626,229	$ (1,502,673)	$ 2,652,972

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO

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

	Menlo Park Academy 6/30/2017	West 53rd Holdings, LLC 12/31/2016	West 53rd Master Tenant, LLC 12/31/2016	TAE Manager, LLC 12/31/2016	Eliminations	Total
Operating Revenues:						
State Aid	$ 2,785,068	$ -	$ -	$ -	$ -	$ 2,785,068
Other Revenues	401,189					401,189
Total Operating Revenues	3,186,257	-	-	-	-	3,186,257
Operating Expenses:						
Salaries and Benefits	$ 2,326,124	$ -	$ -	$ -	$ -	$ 2,326,124
Purchased Services	1,160,744	44,500	-	-	-	1,205,244
Depreciation	80,021					80,021
Other Operating Expenses	220,033	824	-	-	-	220,857
Total Operating Expenses	3,786,922	45,324	-	-	-	3,832,246
Operating Loss	(600,665)	(45,324)	-	-	-	(645,989)
Non-Operating Revenues and Expenses:						
Pass-Thru Expenses	-	-	(4,532)	(40,383)	-	(44,915)
Federal and Other Intergovernmental Revenues	4,755,647					4,755,647
Contributions and Donations	119,083	974,113	549,585	665,940	(1,502,673)	806,048
Interest Income	245,114	742	1,170	672		247,698
Interest Expense	(259,168)	-	-	-	-	(259,168)
Total Non-Operating Revenues and Expenses	4,860,676	974,855	546,223	626,229	(1,502,673)	5,505,310
Change in Net Position	4,260,011	929,531	546,223	626,229	(1,502,673)	4,859,321
Net Position, Beginning of Year	(2,206,349)	-	-	-	-	-
Net Position, End of Year	$ 2,053,662	$ 929,531	$ 546,223	$ 626,229	$ (1,502,673)	$ 2,652,972

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Combining Statement of Cash Flows

	Menlo Park Academy 6/30/2017	West 53rd Holdings, LLC 12/31/2016	West 53rd Master Tenant, LLC 12/31/2016	TAE Manager, LLC 12/31/2016	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
State Aid Receipts	$ 2,784,327	$ -	$ -	$ -	$ -	$ 2,784,327
Other Operating Receipts	410,719	-	-	-	-	410,719
Cash Payments to Suppliers for Goods and Services	(2,580,848)	-	-	-	-	(2,580,848)
Cash Payments to Employees for Services	(1,574,462)	-	-	-	-	(1,574,462)
Cash Payments for Employee Benefits	(372,497)	-	-	-	-	(372,497)
Net Cash Used For Operating Activities	(1,332,761)	-	-	-	-	(1,332,761)
CASH FLOWS FROM INVESTMENT ACTIVITIES						
Investment in Component Units	29,493	-	-	-	-	29,493
Net Cash Used for Investment Activities	29,493	-	-	-	-	29,493
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental Revenues	83,719	-	-	-	-	83,719
Contributions and Donations Receipts	89,590	538,242	549,586	-	(528,242)	649,176
Federal Grant Receipts	71,944	-	-	-	-	71,944
Net Cash Provided By Noncapital Financing Activities	245,253	538,242	549,586	-	(528,242)	804,839
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Cash Received from Loan Proceeds	6,400,000	9,500,000	-	-	(6,074,000)	9,826,000
Cash Loaned to Component Units	(6,074,000)	-	(528,242)	-	6,602,242	-
Cash Payments for Capital Assets	(133,416)	(1,630,487)	-	-	-	(1,763,903)
Cash Received from OFCC State Grant	1,499,746				-	1,499,746
Cash Received from Interest Income	245,114	684	-	-	-	245,798
Cash Payments for Interest Expense	(259,168)	-	-	-	-	(259,168)
Net Cash Provided By Capital and Related Financing Activities	1,678,276	7,870,197	(528,242)	-	528,242	9,548,473
Net Increase in Cash and Cash Equivalents	620,261	8,408,439	21,344	-	-	9,050,044
Cash and Cash Equivalents - Beginning of the Year	255,099	58	-	-	-	255,157
Cash and Cash Equivalents - End of the Year	$ 875,360	$ 8,408,497	$ 21,344	$ -	$ -	$ 9,305,201

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Combining Statement of Cash Flows

	Menlo Park Academy 6/30/2017	West 53rd Holdings, LLC 12/31/2016	West 53rd Master Tenant, LLC 12/31/2016	TAE Manager, LLC 12/31/2016	Eliminations	Total
Reconciliation of Operating Loss to Net Cash Used For Operating Activities						
Operating Loss	$ (600,665)	$ (45,324)	$ -	$ -	$ -	$ (645,989)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:						
Depreciation	80,021	-	-	-	-	80,021
Changes in Assets, Liabilities, and Deferred Inflows and Outflows:						
(Increase)/Decrease in Receivables	(127,896)	-	-	-	-	(127,896)
(Increase)/ Decrease in Deferred Outflows	(556,543)	-	-	-	-	(556,543)
Increase/ (Decrease) in Deferred Inflows	(93,691)	-	-	-	-	(93,691)
Increase/ (Decrease) in Net Pension Liability	1,018,905	-	-	-	-	1,018,905
(Increase)/Decrease in Other Assets	(1,219,834)	45,324	-	-	-	(1,174,510)
Increase/(Decrease) in Accounts Payable, Trade	85,134	-	-	-	-	85,134
Increase/(Decrease) in Accrued Expenses	81,808	-	-	-	-	81,808
Net Cash Used For Operating Activities	$ (1,332,761)	$ -	$ -	$ -	$ -	$ (1,332,761)

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

Menlo Park Academy
Cuyahoga County
2149 West 53rd Street
Cleveland, Ohio 44102

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Menlo Park Academy, Cuyahoga County, (the Academy) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated November 6, 2018, wherein we noted the Academy restated the June 30, 2016 financial statements to account for the change in the blended component units fiscal year end.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

November 6, 2018

MENLO PARK ACADEMY

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
NOVEMBER 20, 2018

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