



Dave Yost • Auditor of State

**iLEAD SPRING MEADOWS
LUCAS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

iLEAD Spring Meadows
Lucas County
1615 Timberwolf Drive
Holland, Ohio 43528

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of iLEAD Spring Meadows, Lucas County, Ohio (the School), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 School'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 School'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 iLEAD Spring Meadows, Lucas County, Ohio, as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018, on our consideration of the School'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 School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

March 29, 2018

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

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

The discussion and analysis of iLEAD Spring Meadows' (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and 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 new 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. However, because this is the first year of financial reporting for the School comparative prior year fiscal information does not exist. Subsequent reports will include the comparative information.

FINANCIAL HIGHLIGHTS

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

- Total Assets were \$326,334.
- Total Liabilities were \$906,994.
- Total Net Position was \$(545,939).
- Total Operating and Non-Operating revenues were \$651,213. Total Operating and Non-Operating expenses were \$1,197,152.

USING THIS ANNUAL REPORT

This report consists of four parts: the MD&A, the basic financial statements, and notes to those statements. Certain required supplementary information concerning the School's net pension liability is also presented. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position reflect how the School did financially during fiscal year 2017. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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.

ILEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

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

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. This is the School's first year of operation. Therefore, comparative information is not available.

**Table 1
Statement of Net Position**

	2017
Assets	
Current Assets	\$ 194,295
Capital Assets, Net	132,039
Total Assets	<u>326,334</u>
Deferred Outflows of Resources	<u>34,721</u>
Liabilities	
Current Liabilities	<u>906,994</u>
Net Position	
Invested in Capital Assets, Net	132,039
Unrestricted (Deficit)	<u>(677,978)</u>
Total Net Position (Deficit)	<u>\$ (545,939)</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the School's net position totaled \$(545,939).

Current assets represent cash and cash equivalents, accounts receivable, other assets. Current liabilities represent accounts payable and accrued expenses. As no prior year information is available, given that this was the initial year of operation for the school, all amounts reflected above changed 100%.

Statement of Revenues, Expenses and Change in Net Position - Table 2 shows the changes in net position for fiscal year 2017, 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.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

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

USING THIS ANNUAL REPORT (Continued)

Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

This is the School's first year of operation. Therefore, comparative information is not available.

**Table 2
Change in Net Position**

	<u>2017</u>
Operating Revenue	
State Aid	\$ 577,541
Other	14,411
Total Operating Revenues	<u>591,952</u>
Operating Expenses	
Salaries	274,656
Fringe Benefits	72,238
Fringe Benefits – GASB 68	(34,721)
Purchased Services	785,323
Materials and Supplies	21,921
Depreciation	57,366
Other	14,628
Total Operating Expenses	<u>1,191,411</u>
Operating Loss	<u>(599,459)</u>
Non-Operating Revenues and (Expenses):	
Federal Grants	18,638
Other Grants	40,623
Interest Expense	(5,741)
Total Non-Operating Revenues and Expenses	<u>53,520</u>
Change in Net Position	(549,939)
Net Position Beginning of Year	-
Net Position End of Year (Deficit)	<u>\$ (545,939)</u>

Statement of Revenues, Expenses and Change in Net Position

As previously noted, no prior year information is available as fiscal year 2017 was the initial year of operations for the School. Therefore, all amounts reflected above changed 100%.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

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

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, semi-annually.

CAPITAL ASSETS

At fiscal year end, the School's net capital asset balance was \$132,039. This balance represents \$189,405 of current year additions offset by current year depreciation of \$57,366. For more information on capital assets, see Note 5 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 76.79.

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

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, 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, 1615 Timberwolf Drive, Holland, Ohio 43528.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**Statement of Net Position
At June 30, 2017**

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 10,181
Accounts Receivable	138,985
Other Assets	<u>45,129</u>
Total Current Assets	<u>194,295</u>

Noncurrent Assets:

Capital Assets, net of Accumulated Depreciation	<u>132,039</u>
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Total Assets	<u>326,334</u>
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Deferred Outflows of Resources - Pension	<u>34,721</u>
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Liabilities:

Current Liabilities:

Accounts Payable, Trade	78,046
Accrued Wages and Benefits	14,840
Withholdings Payable	2,606
Accrued Expenses	171,862
Loan Payable	331,908
Capital Lease Payable	102,491
Advances Payable	<u>205,241</u>
Total Current Liabilities	<u>906,994</u>

Net Position:

Invested in Capital Assets	132,039
Unrestricted Net Position (Deficit)	<u>(677,978)</u>
Total Net Position (Deficit)	<u><u>\$ (545,939)</u></u>

See Accompanying Notes to the Basic Financial Statements

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

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

Operating Revenues:	
State Aid	\$ 577,541
Miscellaneous	14,411
Total Operating Revenues	<u>591,952</u>
Operating Expenses:	
Salaries	274,656
Fringe Benefits	72,238
Fringe Benefits - GASB 68	(34,721)
Purchased Services	785,323
Depreciation	57,366
Supplies	21,921
Other Operating Expenses	14,628
Total Operating Expenses	<u>1,191,411</u>
Operating Loss	<u>(599,459)</u>
Non-Operating Revenues and (Expenses):	
Federal Grants	18,638
Other Grants	40,623
Interest Expense	(5,741)
Net Non-Operating Revenues and Expenses	<u>53,520</u>
Change in Net Position	(545,939)
Net Position Beginning of Year	<u>-</u>
Net Position End of Year (Deficit)	<u>\$ (545,939)</u>

See Accompanying Notes to the Basic Financial Statements

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

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

CASH FLOWS FROM OPERATING ACTIVITIES

State Aid Receipts	\$ 577,541
Other Operating Receipts	14,411
Cash Payments to Suppliers for Goods and Services	(422,508)
Cash Payments to Employees for Services	(274,656)
Cash Payments for Employee Benefits	<u>(56,094)</u>
Net Cash Used For Operating Activities	<u>(161,306)</u>

CASH FLOWS FROM INVESTMENT ACTIVITIES

Purchase of Assets	<u>(189,405)</u>
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Other Grant Receipts	40,263
Federal and State Grant Receipts	<u>18,638</u>
Net Cash Provided By Noncapital Financing Activities	<u>58,901</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest Payments	(5,741)
Cash Received from Advances	205,240
Capital Lease Principal Proceeds	148,783
Capital Lease Principal Retirement	<u>(46,291)</u>
Net Cash Provided By Capital and Related Financing Activities	<u>301,991</u>

Net Increase in Cash and Cash Equivalents 10,181

Cash and Cash Equivalents - Beginning of the Year	<u>-</u>
Cash and Cash Equivalents - Ending of the Year	<u>\$ 10,181</u>

(Continued)

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017
(Continued)**

Reconciliation of Operating Loss to Net Cash Provided By Operating Activities

Operating Loss \$ (599,459)

Adjustments to Reconcile Operating Loss to Net Cash Provided By Operating Activities

Depreciation 57,366

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

Increase in Receivables (137,683)

Increase in Deferred Outflows (34,721)

Increase in Prepaid Expense (45,129)

Increase in Accounts Payable, Trade 78,046

Increase in Accrued Expenses 520,274

Net Cash Provided By Operating Activities \$ (161,306)

See Accompanying Notes to the Basic Financial Statements

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 - DESCRIPTION OF THE ENTITY

iLEAD Spring Meadows, Lucas County, Ohio (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's mission is to improve the lives of its students by providing authentic learning experiences in a collaborative, nurturing environment that will build a foundation for student's success in school, at future work and in life. The School operates on a foundation, which fosters character building for all students, parents and staff members. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract with Ohio Council of Community Schools ("OCCS") (the Sponsor) for a five-year period commencing on July 1, 2016. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a Board of Directors (the Board). The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Board controls the School's instructional and administrative staff.

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. The more significant of the School's accounting policies are described below.

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 changes in net position, financial position and cash flows.

The Government Accounting Standards Board identifies 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.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting - The accounting and financial reporting treatment is determined by measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. Under this measurement focus, all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total 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 of 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 not have any investments during the period ended June 30, 2017.

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.

Capital Assets and Depreciation - Capital assets are capitalized at cost. Donated capital assets are recorded at their acquisition cost. 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 \$132,039, 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 which are as follows:

<u>Asset Class</u>	<u>Useful Life</u>
Computers & Technology Assets	3 years
Furniture, Fixtures, & Equipment	5 years
Textbooks	3 years

The School’s policy for asset capitalization threshold is \$1,000. 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.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Under the above programs the School recorded \$577,541 this fiscal year from the State Foundation Program and Casino Tax Revenues and \$18,638 from Federal Grants.

Compensated Absences - Vacation is taken in a manner which corresponds with the school calendar; therefore, the School does not accrue vacation time as a liability.

Sick/personal leave benefits are earned by full-time employees at the rate of thirteen days per year and cannot be carried into the subsequent years. No accrual for sick time is made since unused time is not paid to employees upon employment termination.

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, Advances Payable, Capital Lease Payable, and Withholding Payable totaling \$906,994 at June 30, 2017.

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.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position - Net position represent the difference between assets plus deferred outflows of resources and liabilities. Net position is reported as restricted when there are limitations imposed on their use through external restriction imposed by creditors, grantors, or laws and regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Net position invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

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 are 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 Resource - A deferred inflow of resources is an acquisition of net position by the School that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the School that is applicable to a future reporting period. Other revenues received in advance of the fiscal year for which they were intended to finance, are recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met due at June 30, 2017 are recorded as deferred inflows. Receivables that will not be collected within the available period have been reported as deferred inflows of resources. The School has no deferred inflows and has deferred outflows of resources of \$34,721 at June 30, 2017.

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 position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Implementation of New Accounting Policies - 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.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Implementation of New Accounting Principles (continued)

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 maintains its cash balances at one financial institution, PNC Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2017, the book amount of the School's deposits was \$10,181 and the bank balance was \$63,856.

The School had no deposit policy for custodial risk beyond the requirement of state statute. 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, none of the bank balance was exposed to custodial credit risk.

NOTE 4 - RECEIVABLES

The School has receivables totaling \$138,985 at June 30, 2017. Of these receivables, \$137,683 represented marketing reimbursement monies due to the School from Highmark, but not received as of June 30, 2017.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 - CAPITAL ASSETS

For the period ending June 30, 2017, the School's capital assets consisted of the following:

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Capital Assets:				
Furniture & Equipment	\$ -	\$ 43,273	\$ -	\$ 43,273
Computers & Software	-	146,132	-	146,132
Total Capital Assets	-	189,405	-	189,405
Less Accumulated Depreciation:				
Furniture & Equipment	-	(8,654)	-	(8,654)
Computer Equipment	-	(48,712)	-	(48,712)
Total Accumulated Depreciation	-	(57,366)	-	(57,366)
Total Capital Assets, Net	\$ -	\$ 132,039	\$ -	\$ 132,039

NOTE 6 - ADVANCES PAYABLE

During fiscal year 2017, the School received working capital advances from iLEAD Schools Development, LLC.

The total amount of advances outstanding at June 30, 2017 was \$205,241. The activity for the year is reflected as follows:

Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017
\$ -	\$ 205,241	\$ -	\$ 205,241

NOTE 7 - RISK MANAGEMENT

Property & Liability - The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2017, the School contracted with Philadelphia Indemnity Insurance Company for nonprofits and maintained general liability insurance with a \$1,000,000 single occurrence limit and \$2,000,000 annual aggregate.

The School also contracted with Wesco Insurance for Umbrella liability with a \$10,000,000 per occurrence limit and a \$10,000,000 annual aggregate limit.

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.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 7 - RISK MANAGEMENT (continued)

Employee Medical and Dental Benefits - The School provides medical, vision, and dental insurance benefits through United Healthcare to all full-time employees. During the School year, the School paid 80% of the monthly premiums for all employees.

NOTE 8 - DEFINED BENEFIT PENSIONS PLANS

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

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

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

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

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

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

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - DEFINED BENEFIT PENSIONS PLANS (continued)

benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 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 2017.

The School’s contractually required contribution to SERS was \$8,901 for fiscal year 2017.

State Teachers Retirement System (STRS)

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - DEFINED BENEFIT PENSIONS PLANS (continued)

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 will be 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 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.

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

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - DEFINED BENEFIT PENSIONS PLANS (continued)

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 \$25,820 for fiscal year 2017.

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

At June 30, 2017, the School reported deferred outflows of resources, totaling \$34,721 related to pension contributions made during fiscal year 2016. The amount will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

NOTE 9 - 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

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 9 - POSTEMPLOYMENT BENEFITS (continued)

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. The School's contributions for health care (including surcharge) for the fiscal year ended June 30, 2017, was \$0.

School 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 year 2017, STRS did not allocate any employer contributions to post-employment health care. The School contributions for health care for the fiscal year ended June 30, 2017, were \$0.

NOTE 10 - 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.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 10 - CONTINGENCIES (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 performed such a review on the School for fiscal year 2017.

ODE adjustments for fiscal year 2017 are reported as finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements resulted in a net payable of \$2,136 to ODE by the School.

In addition, the School's contracts with their Sponsor and management company require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2017 have been finalized. The impact on the fiscal year 2017 financial statements, related to additional reconciliation necessary with these contracts resulted in a reduction of fees of \$384. This amount was a receivable to the School at fiscal year end.

NOTE 11 - SPONSOR CONTRACT

The School contracted with Ohio Council of Community Schools (OCCS) as its sponsor and oversight services as required by law. Sponsorship fees are calculated as a three percent of state funds received by the School from the State of Ohio. For the fiscal year ended June 30, 2017, the total sponsorship fees paid totaled \$16,882.

NOTE 12 – MANAGEMENT CONTRACT

The School entered into an agreement with iLEAD Schools Development, a California nonprofit management company, to provide legal, financial, and other management support services for fiscal year 2017. The agreement was for a period of five years beginning July 1, 2016. Management fees are calculated as 15% of the total revenues received from the State of Ohio. The total amount due from the School for the fiscal year ending June 30, 2017 was \$86,631 and is included under "Purchased Services" on the Statement of Revenues, Expenses and Changes in Net Position.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 13 - 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	\$	346,106
Property Services		356,926
Utilities		35,582
Travel and Meetings		10,093
Communications		8,444
Contractual Trade Services		28,172
	\$	<u>785,323</u>

NOTE 14 - LEASE OBLIGATIONS

In February 2017, the School entered into a Forbearance agreement with iLEAD Holland Project Development, LLC. In amendment of the original sublease dated April 18, 2016 that was initially modified on July 11, 2016 for space located at 1615 Timberwolf Drive, Holland Ohio 43528. The term of the forbearance is through October 2, 2019. Monthly rent expense plus interest originally due in fiscal year 2017 is accrued on the financial statements as a loan payable of 331,908. Base rent expense for the 2017 fiscal year was \$326,166 and interest due was \$5,742. Monthly payments are due based on estimated enrollment for the next three fiscal years.

Future lease/forbearance obligations are as follows:

	Annual Rent Expense	Interest Expense	Total Payments Due
FY 2018	\$535,117	\$22,161	\$345,048
FY 2019	548,495	16,478	959,913
FY 2020	185,873	875	335,943
Total	<u>\$1,269,485</u>	<u>\$39,514</u>	<u>\$1,640,904</u>

In addition to the above, the School entered into the following capital leases during the fiscal year:

Lessor	Purpose	Total Amount
Apple, Inc.	MacBooks	\$71,968
TEQLease, Inc.	Printers and Scanners	33,542
TEQLease, Inc.	Classroom Furniture	43,273
	Total	<u>\$148,783</u>

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 14 - LEASE OBLIGATIONS (continued)

Future lease obligations for the Apple, Inc. and TEQLease, Inc. leases are as follows:

	<u>Apple, Inc.</u>	<u>TEQLease, Inc.</u>	<u>TEQLease, Inc.</u>	<u>Total</u>
FY 2018	\$20,939	\$9,759	\$8,511	\$39,209
FY 2019	20,939	9,759	8,511	39,209
FY 2020	4,006	1,626	8,511	14,143
FY 2021			8,511	8,511
FY 2022			1,419	1,419
Total	<u>\$45,884</u>	<u>\$21,144</u>	<u>\$35,463</u>	<u>\$102,491</u>

NOTE 15 – MANAGEMENT’S PLAN REGARDING ACCUMULATED DEFICIT

For fiscal year 2017, the School had a net position deficit of \$(545,939) for its initial year of operations. The School’s ability to maintain a stable administrative and instructional team along with active advertising via print, radio, mailings and through referrals of current parents is anticipated to help produce the likelihood of future enrollment growth leading to surpluses and provide an opportunity for the school to recover from its current deficits.

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL EMPLOYEE'S RETIREMENT SYSTEM OF OHIO
LAST FISCAL YEAR (1)**

	<u>2017</u>
Contractually Required Contribution	\$ 8,901
Contributions in Relation to the Contractually Required Contribution	<u>\$ (8,901)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 63,579
Contributions as a Percentage of Covered-Employee Payroll	14.00%

(1) Information prior to 2017 is not available

iLEAD SPRING MEADOWS - LUCAS COUNTY, OHIO

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST FISCAL YEAR (1)**

	<u>2017</u>
Contractually Required Contribution	\$ 25,820
Contributions in Relation to the Contractually Required Contribution	<u>\$ (25,820)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 184,429
Contributions as a Percentage of Covered-Employee Payroll	14.00%

(1) Information prior to 2017 is not available



Dave Yost • Auditor of State

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

iLEAD Spring Meadows
Lucas County
1615 Timberwolf Drive
Holland, Ohio 43528

To the Governing Board:

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 iLEAD Spring Meadows, Lucas County, Ohio (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 29, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School'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 School'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 School'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 School'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 School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 29, 2018



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

iLEAD Spring Meadows
Lucas County
1615 Timberwolf Drive
Holland, Ohio 43528

To the Governing Board:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether iLEAD Spring Meadows, Lucas County, Ohio (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We observed the Board adopted an anti-harassment policy at its meeting on March 10, 2016.
2. We inspected the policy, observing it includes all the requirements listed in Ohio Rev. Code Section 3313.66(B).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of whether iLEAD Spring Meadows, Lucas County, Ohio (the School) has established its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666 and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 29, 2018



Dave Yost • Auditor of State

ILEAD SPRING MEADOWS

LUCAS 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
APRIL 17, 2018**