

GRAHAM ELEMENTARY AND
MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025





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Columbus, Ohio 43215
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800-282-0370

Board of Directors
Graham Elementary and Middle School
140 E. 16th Avenue
Columbus, Ohio 43201

We have reviewed the *Independent Auditor's Report* of Graham Elementary and Middle School, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Graham Elementary and Middle School is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

March 04, 2026

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GRAHAM ELEMENTARY AND MIDDLE SCHOOL
Franklin County, Ohio
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Graham Elementary and Middle School
Franklin County, Ohio
140 E 16th Avenue
Columbus, OH 43201

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Graham Elementary and Middle School, Franklin County, Ohio (GEMS), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise GEMS's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Graham Elementary and Middle School, Franklin County, Ohio, as of June 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GEMS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of GEMS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GEMS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GEMS's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
December 22, 2025

Graham Elementary and Middle School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

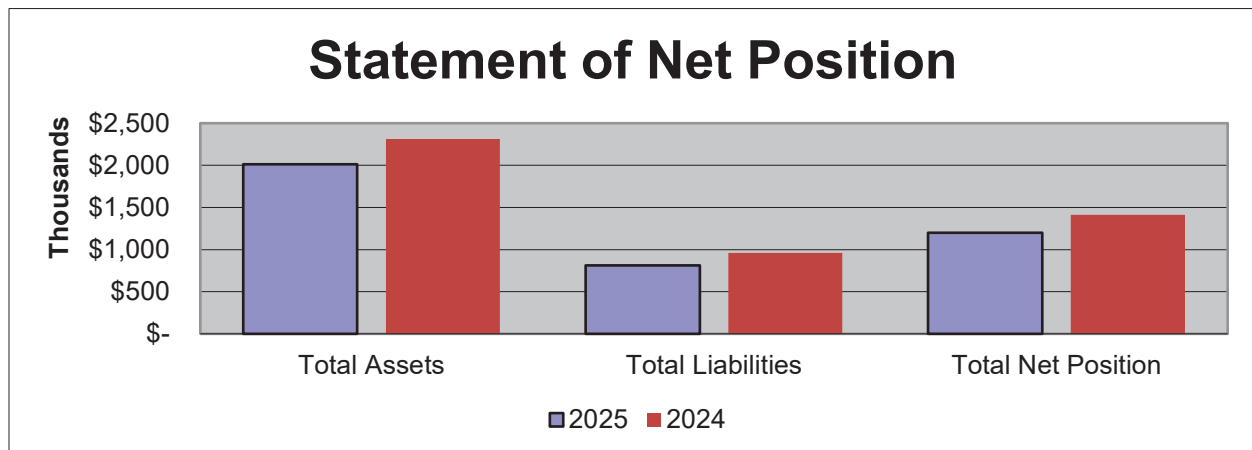
Our discussion and analysis of The Graham Elementary and Middle School ("GEMS") financial performance provides an overall review of GEMS' financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at GEMS' financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the GEMS' financial performance.

The Management's Discussion and Analysis (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 issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position decreased by \$212,867 or 15.1%. This is due to a decrease in grant revenue and decrease in cash and investments. Total assets decreased by \$300,961 or 13%. This was due to decrease in cash and investments and receivables.
- Liabilities were \$813,826, which was mostly the result of notes payable at year end. There was a refinancing of debt during the fiscal year with a reduction of principal, see Note 12 in the notes to the basic financial statements.



USING THIS ANNUAL REPORT

This report consists of required supplementary information, the basic financial statements, and notes to the basic financial statements. 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 GEMS did financially during fiscal year 2025. 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.

Graham Elementary and Middle School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

These statements report GEMS' net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of GEMS has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include GEMS' student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors. GEMS uses an enterprise presentation for all of its activities.

Statement of Net Position

The Statement of Net Position answers the question of how GEMS did financially during 2025. This statement includes all assets and liabilities, financial and capital, as well as short-term and long-term using the accrual basis of accounting and economic measurement resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1, below, is a summary of GEMS' net position for fiscal year 2025 and 2024.

(Table 1)
Statement of Net Position

	2025	2024
Assets		
Current Assets	\$ 418,548	\$ 664,469
Capital Assets, Net	1,595,008	1,650,048
Total Assets	<u>2,013,556</u>	<u>2,314,517</u>
Liabilities		
Current Liabilities	142,059	144,009
Long-Term Liabilities	671,767	757,911
Total Liabilities	<u>813,826</u>	<u>901,920</u>
Net Position		
Net Investment in Capital		
Assets	868,560	845,370
Unrestricted	331,170	567,227
Total Net Position	<u>\$ 1,199,730</u>	<u>\$1,412,597</u>

Total assets were \$2,013,556, while total liabilities were \$813,826. Cash and investments were \$402,865 and capital assets, at net, were \$1,595,008. Intergovernmental receivables were \$13,223 and accounts receivables were \$2,460. Current assets decreased \$245,921 primarily due to a decrease in cash and investments and a reduction in intergovernmental receivables.

Graham Elementary and Middle School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Statement of Revenues, Expenses and Change in Net Position

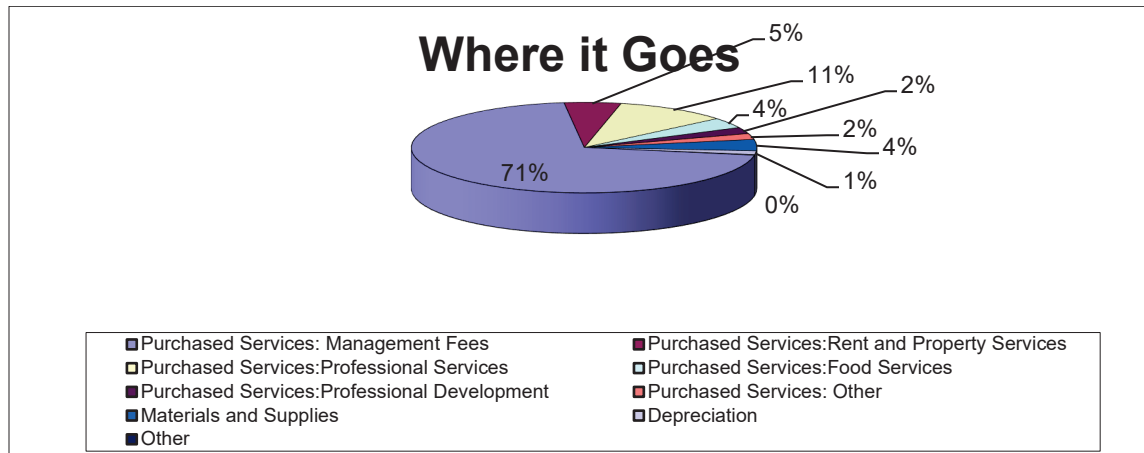
Table 2 below demonstrates the change in net position for fiscal year 2025, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader that, for GEMS as a whole, the financial position of GEMS has improved or diminished. The cause of this may be 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

	2025	2024
Operating Revenues		
State Aid	\$3,576,530	\$3,432,647
Casino Tax	19,728	19,489
Facilities Funding	298,709	289,041
Food Service	121	4,920
Other Operating	28,415	14,152
Non-Operating Revenues		
Grants	789,109	1,608,184
Investment Income	11,595	12,652
Contributions & Donations	4,612	34,222
Total Revenues	<u>4,728,819</u>	<u>5,415,307</u>
Operating Expenses		
Purchased Services: Management Fees	3,182,647	3,806,558
Purchased Services: Property Services	239,975	280,829
Purchased Services: Professional Services	477,128	486,930
Purchased Services: Food Services	169,586	142,368
Purchased Services: Professional Development	104,117	146,680
Purchased Services: Other	95,492	59,130
Materials and Supplies	184,253	193,260
Depreciation	60,676	54,625
Other	10,534	12,356
Non-Operating Expenses		
Interest and Fiscal Charges	60,787	65,217
Loss on Disposal of Capital Asset	0	3,089
Forgiveness of a Receivable	356,491	90,275
Total Expenses	<u>4,941,686</u>	<u>5,341,317</u>
Change in Net Position	<u><u>(\$ 212,867)</u></u>	<u><u>\$ 73,990</u></u>

Operating revenues were \$3,923,503, which represents 83.0% of total revenue. Operating expenses were \$4,524,408, which represents 91.6% of total expenses. GEMS' most significant expense, Purchased Services: Management Fees represents 64.4% of total expenses. The total comprises primarily management fees paid to the Graham School (TGS). The agreement, between GEMS and TGS, provides for GEMS to remit a specific percentage of certain revenues received to TGS to finance operations. Note 10 in the notes to the basic financial statements outline this agreement. Decreases in both revenues and expenses are directly related to reductions in grant funding.

Graham Elementary and Middle School
Franklin County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025



CAPITAL ASSETS

At the end of fiscal year 2025, GEMS had \$1,595,008 invested in capital assets, net of depreciation. The assets purchases were land, buildings, computers and equipment as well as improvements. For more information on capital assets, see Note 6 in the notes to the basic financial statements.

DEBT

At June 30, 2025, GEMS had \$726,448 in notes payable. There was a refinancing of the debt during the fiscal year with a reduction of principal, see Note 12 in the notes to the basic financial statements.

OTHER INFORMATION

For the Future

In conclusion, GEMS has committed itself to financial excellence. GEMS owns a building on East Sixteenth Avenue. This building is expected to ensure that GEMS can meet its enrollment projections and give students a positive learning environment. GEMS received donations and private grants to assist in financing the operations and development of curriculum; this practice is expected to continue.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School's finances and to show its accountability for the money received. If you have questions about this report or need additional information contact Ms. Jennifer Smith of GEMS, 140 East Sixteenth Avenue, Columbus, Ohio 43201 or e-mail at jsmith.1@mail.thegrahamschool.org.

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**Statement of Net Position
June 30, 2025**

Assets

Current Asset

Cash and Investments	\$ 402,865
Accounts Receivable	2,460
Intergovernmental Receivable	13,223
Total Current Assets	418,548

Non-Current Assets

Depreciable Capital Assets, net	805,508
Non-Depreciable Capital Assets	789,500
Total Non-Current Assets	1,595,008
Total Assets	2,013,556

Liabilities

Current Liabilities

Accounts Payable	58,495
Intergovernmental Payable	28,883
Notes Payable	54,681
Total Current Liabilities	142,059

Long-Term Liabilities

Notes Payable	671,767
Total Liabilities	813,826

Net Position

Net Investment in Capital Assets	868,560
Unrestricted	331,170
Total Net Position	\$ 1,199,730

See accompanying notes to the basic financial statements

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2025**

Operating Revenues	
State Aid	\$3,576,530
Casino Tax	19,728
Facilities Funding	289,709
Food Service	121
Other Operating	28,415
Total Operating Revenues	3,923,503
Operating Expenses	
Purchased Services: Management Fees	3,182,647
Purchased Services: Property Services	239,975
Purchased Services: Professional Services	477,128
Purchased Services: Food Services	169,586
Purchased Services: Professional Development	104,117
Purchased Services: Other	95,492
Materials and Supplies	184,253
Depreciation	60,676
Other	10,534
Total Operating Expenses	4,524,408
Operating Loss	(600,905)
Non-Operating Revenues (Expenses)	
Grants	789,109
Contributions & Donations	4,612
Forgiveness of Receivable	(356,491)
Interest and Fiscal Charges	(60,787)
Interest Income	11,595
Total Net Non-Operating Revenues (Expenses)	388,038
Change in Net Position	(212,867)
Net Position Beginning of Year	1,412,597
Net Position End of Year	\$ 1,199,730

See accompanying notes to the basic financial statements

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from State of Ohio	\$3,892,412
Cash Received from Other Operating Sources	28,320
Cash Payments to Suppliers for Goods and Services	(4,815,682)
Other Cash Payments	(10,501)
Net Cash Used for Operating Activities	<u>(905,451)</u>

Cash Flows from Noncapital Financing Activities

Cash Received from Grants	821,865
Cash Received from Contributions and Donations	4,612
Net Cash Provided by Noncapital Financing Activities	<u>826,477</u>

Cash Flows from Investing Activities

Interest Income	11,595
Net Cash Provided by Investing Activities	<u>11,595</u>

Cash Flows from Capital and Related Financing Activities

Cash Payments for Capital Assets	(5,636)
Interest and Fiscal Charges Paid	(60,787)
Note Refinancing Proceeds	750,000
Principal Payments – Notes Payable	(828,230)
Note Issuance Costs	(3,904)
Net Cash Used for Capital and Related Financing Activities	<u>(148,557)</u>

Net Decrease in Cash and Cash Equivalents	(215,936)
Cash and Cash Equivalents Beginning of Year	618,801
Cash and Cash Equivalents End of Year	<u><u>\$ 402,865</u></u>

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

Operating Loss	\$ (600,905)
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Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities

Depreciation	60,676
Changes in Assets and Liabilities:	
Accounts Receivable	(356,706)
Intergovernmental Receivable	(2,555)
Accounts Payable	(4,935)
Intergovernmental Payable	(1,026)
Net Cash Used for Operating Activities	<u><u>\$ (905,451)</u></u>

Supplemental Non-Cash Noncapital Financing Activities

During fiscal year 2025, GEMS forgave a receivable of \$356,491 due from the School operator (TGS).
See accompanying notes to the basic financial statements.

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

1. DESCRIPTION OF THE REPORTING ENTITY

The Graham Elementary and Middle School ("GEMS") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. GEMS 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 GEMS' tax-exempt status. GEMS' objective is to use the Columbus community to form partnerships for student learning. Individualized programs are used to meet students' needs. Parents and students are included in all decision-making. GEMS, which is part of the State's education program, is independent and is nonsectarian in its programs, admission policies, employment practices, and all other operations. GEMS may acquire facilities as needed and contract for any services necessary for the operation of the school.

GEMS was approved for operation under a contract with the Educational Service Center of Central Ohio (the Sponsor) commencing July 1, 2009. A three year extension has been approved ending on June 30, 2027. The Sponsor is responsible for evaluating the performance of GEMS and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

GEMS operates under the direction of a five-member 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. GEMS contracts with the Graham School (TGS) for most of its day-to-day activities (see Note 10).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of GEMS 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. Following are the more significant of GEMS' accounting policies.

A. Basis of Presentation

GEMS basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. GEMS uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. The operating statement presents increases and decreases in net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when earned and expenses are recognized when they are incurred.

C. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between GEMS and its Sponsor. The contract between the School and its Sponsor does not require GEMS to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

D. Cash and Investments

All cash received by GEMS is deposited in accounts in GEMS's name and reflected as Cash and Investments on the Statement of Net Position.

Investments with a maturity of three months or less at the time they are purchased by GEMS are considered to be cash equivalents.

E. Prepaid Items

GEMS records payments made to vendors for services that will benefit future periods as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is recorded in the year in which the services are consumed. No prepaid items were recorded as of June 30, 2025.

F. Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements (deletions) during the year. The capitalization threshold is \$1,000. Donated capital assets are recorded at their acquisition values as of the date received.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are not. Interest incurred during the construction of capital assets is also capitalized.

All capital assets are depreciated except for land. Depreciation of computers and equipment is computed using the straight-line method over an estimated useful life of five years. Depreciation of building is computed using the straight-line method over an estimated useful life of 39 years. Improvements to capital assets are depreciated over the remaining useful lives.

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Revenues

GEMS currently participates in the state foundation, casino aid, facilities funding, and state special education programs. Revenues received from these programs are recognized as operating revenues (foundation and special education payments) in the accounting period in which they are earned and become measurable. Funding from these programs is listed as "Operating Revenues" on the Statement of Revenues, Expenses, and Change in Net Position.

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which GEMS must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to GEMS on a reimbursement basis.

Resources where the timing requirement is not met are recorded as a liability to the funding source, and reported as a non-operating expense. Resources received prior to the period of use are deferred.

H. Net Position

Net position represents the difference between assets and liabilities. Invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by GEMS or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. GEMS does not have any net position restricted for enabling legislation.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of GEMS. Operating expenses are necessary costs incurred to provide the service that is the primary activity of GEMS. All revenues and expenses not meeting this definition are reported as non-operating.

J. Estimates

The preparation of the 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 the accompanying notes. Actual results may differ from those estimates.

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

The carrying value of GEMS's deposits are \$227,183 and the bank balance totaled \$250,939, which \$250,000 was covered by federal depository insurance based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2025 and \$939 was uninsured and exposed to custodial credit risk.

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

B. Investments

S&P Rating	Investment Type	Measurement Amount	Maturity	Percent of Total
			0 - 12 Months	
	Net Asset Value (NAV):			
	Federated Government			
AAAm	Obligations	\$ 252	252	.00%
	Fair Value:			
N/A	U.S. Treasury Bills	175,430	175,430	100.00%
	Total	\$ 175,682	\$ 175,682	100.00%

GEMS categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies GEMS's recurring fair value measurements as of June 30, 2025. All investments of GEMS are valued using quoted market prices (Level 1 inputs).

4. INTERGOVERNMENTAL RECEIVABLE

At June 30, 2025, GEMS had intergovernmental receivable in the amount of \$13,223 for monies for federal grants due, but not received by year end. The intergovernmental receivable is collectable in the next operating cycle.

5. ACCOUNTS PAYABLE

Accounts payable of \$58,495 consists of obligations at June 30, 2025, incurred during the normal course of conducting operations.

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

6. CAPITAL ASSETS

For the year ended June 30, 2025, GEMS' capital assets consisted of the following:

	<u>Balance 6/30/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
Capital Assets Not Being Depreciated:				
Land	\$ 789,500	\$ -	\$ -	\$ 789,500
Capital Assets Being Depreciated:				
Building	615,500	-	-	615,500
Computers & Equipment	185,037	5,636	-	190,673
Improvements	248,425	-	-	248,425
	<u>1,048,962</u>	<u>5,636</u>	<u>-</u>	<u>1,054,598</u>
Less Accumulated Depreciation:				
Building	(111,987)	(15,782)	-	(127,769)
Computers & Equipment	(55,753)	(37,876)	-	(93,629)
Improvements	(20,674)	(7,018)	-	(27,692)
	<u>(188,414)</u>	<u>(60,676)</u>	<u>-</u>	<u>(249,090)</u>
Total Capital Assets Being Depreciated, Net	<u>860,548</u>	<u>(55,040)</u>	<u>-</u>	<u>805,508</u>
Total Capital Assets, Net	<u>\$ 1,650,048</u>	<u>(\$55,040)</u>	<u>\$ -</u>	<u>\$1,595,008</u>

7. RISK MANAGEMENT

Insurance Coverage

GEMS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2025, GEMS contracted with the Philadelphia Insurance Company for the following insurance coverage:

Commercial General Liability per occurrence	\$1,000,000
Commercial General Liability aggregate	2,000,000
Umbrella Liability per occurrence	
(\$10,000 self-insured retention)	5,000,000

The amount of settlements did not exceed insurance coverage for any of the past three years. There has been no significant reduction in coverage from the prior year.

8. CONTINGENCIES

A. Grants

GEMS receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the operating fund. However, in the opinion of the school, any such disallowed claims would not have a material adverse effect on the financial position of the school.

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

9. SPONSOR

On July 1, 2009, a sponsorship agreement was executed between the School and the Educational Service Center of Central Ohio for a five (5) year period beginning July 1, 2009. A three year extension has been approved ending on June 30, 2027. The School shall pay annually 3% of the state funding per pupil as provided by the State of Ohio. For fiscal year 2025, GEMS paid the sponsor \$107,128.

10. MANAGEMENT AGREEMENT WITH THE GRAHAM SCHOOL (TGS)

Effective July 1, 2015, GEMS entered into a Management Agreement (the Agreement) with TGS. The Agreement has been renewed through June 30, 2025. Per the contract, TGS receives a base fee of three (3) percent of GEMS' state foundation, and reimbursement of all direct costs for expenses incurred under the Federal Title programs. TGS also receives ninety-five (95) percent of GEMS' remaining revenues after GEMS pays its direct expenses. GEMS management fee expense for the fiscal year was \$3,182,647, as reported in the Statement of Revenues, Expenses and Changes in Net Position. Of this fee, \$2,696,123 was for general fund related fees, and \$364,138 was for grant related reimbursements. The remainder of the expense was for base licensing fees in the amount of \$122,386. During 2025, the annual reconciliation process resulted in a forgiveness of receivable owed by TGS to GEMS for \$356,491.

11. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2025, TGS paid the following expenses on-behalf of the GEMS:

	Regular Instruction	Special Instruction	Support Services	Total
Direct expenses:				
Salaries & wages	\$ 950,093	\$ 363,940	\$ 725,979	\$ 2,040,012
Employees' benefits	\$ 256,251	\$ 94,608	\$ 168,966	\$ 519,825
Indirect expenses:				
Overhead	\$ 351,322	\$ 133,543	\$ 260,634	\$ 745,499
Total expenses	\$ 1,557,666	\$ 592,091	\$ 1,155,579	\$ 3,305,336

Overhead charges are assigned to the GEMS based on a percentage of full-time equivalent student enrollment. These charges represent the indirect cost of services provided in the operation of the GEMS. Such services include, but are not limited to facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

12. LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2025 were as follows:

	Principal Outstanding 6/30/2024	Additions	Deductions	Principal Outstanding 6/30/2025	Amount Due in One Year
Direct Borrowing:					
Notes Payable	\$ 0	\$750,000	\$ (23,552)	\$ 726,448	\$ 54,681
Notes Payable	\$804,678	\$ 0	\$ (804,678)	\$ 0	\$ 0

During FY 2017, GEMS entered into a loan with Huntington National Bank for the purchase of a new school building. The total amount of the loan was \$1,080,000 with an adjustable interest rate of to be paid over a 10-year period and amortized over a 20-year period. GEMS had a balloon payment that was due in the tenth year. The Graham School and The Charles School of Ohio Dominican University acted as guarantors of the loan. The loan agreement also includes a provision that in an event of default, outstanding amounts may become immediately due if GEMS is unable to make payment. The note was secured by an interest in GEMS's building. This loan was refinanced in January, 2025.

During FY 2025, GEMS entered into a loan with Adelphi Bank to refinance the loan with Huntington National Bank. The total amount of the loan was \$750,000 with a fixed interest rate of 7.73% to be paid over a 10-year period. There are no other guarantors of the loan. The loan agreement includes a provision that in an event of default, outstanding amounts may become immediately due if GEMS is unable to make payment. The note is secured by an interest in GEMS's building.

Future principal and interest obligations of the notes are as follows:

Fiscal Years Ending June 30,	Principal	Interest
2026	54,681	54,642
2027	58,119	50,304
2028	62,807	45,616
2029	67,873	40,550
2030	73,348	35,076
2031-2035	409,620	77,385
Total	<u>\$ 726,448</u>	<u>\$ 303,573</u>

**GRAHAM ELEMENTARY AND MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

13. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2025, GEMS has implemented GASB Statement No. 102, *Certain Risk Disclosures*.

GASB Statement No. 102 provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints as concentrations and constraints may limit a government's ability to acquire resources or control spending. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of GEMS.

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

To the Board of Directors
Graham Elementary and Middle School
Franklin County, Ohio
140 E 16th Avenue
Columbus, OH 43201

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Graham Elementary and Middle School, Franklin County, Ohio (GEMS), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise GEMS's basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Rea & Associates, Inc.
Dublin, Ohio
December 22, 2025

OHIO AUDITOR OF STATE KEITH FABER



GRAHAM ELEMENTARY AND MIDDLE SCHOOL

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/17/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov