

**BIO-MED SCIENCE ACADEMY STEM SCHOOL**

**PORTAGE COUNTY**

**SINGLE AUDIT**

**JULY 1, 2021 – JUNE 30, 2022**



**WILSON, SHANNON & SNOW**  
**INC.**  
CPAs & ADVISORS



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Bio-Med Science Academy STEM School  
2080 Citygate Dr  
Columbus, OH 43219

We have reviewed the *Independent Auditor's Report* of the Bio-Med Science Academy STEM School, Portage County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bio-Med Science Academy STEM School is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

February 14, 2023

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**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Bio-Med Science Academy STEM School  
Portage County  
4209 State Route 44  
Rootstown, Ohio 44272

To the Board of Directors:

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Bio-Med Science Academy STEM School, Portage County, Ohio (the School), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School'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 Bio-Med Science Academy STEM School, Portage County, Ohio as of June 30, 2022, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with the 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. 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 the School, 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 the School'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 the School'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 the School'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* 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



***Supplementary information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, 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. 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 the School'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 the School's internal control over financial reporting and compliance.



Newark, Ohio  
December 20, 2022

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The management's discussion and analysis of the Bio-Med Science Academy STEM School (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ending June 30, 2022. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

The School opened July 1, 2013, with the students from the previous Bio-Med Science Academy community school. The students were transferred to the School as sophomores and a new freshman class was added. As of August 2015, the School had students in all four high school grades and in June 2016 graduated its first senior class. In December 2016, the School signed a ten-year lease with the Village of Shalersville for the use of the former Shalersville Elementary School building. The building is used to house the new Bio-Med Science Academy STEM School's Lower Academy and currently has students in grades kindergarten through four. The School also leases a building from Family & Community Services, Inc. for its Ravenna Campus, which currently has students in fifth and sixth grade.

The School's Rootstown Campus is housed by Northeast Ohio Medical University (NEOMED) in Rootstown, Ohio, which currently has students in grades seven through twelve. The School does not have any employees, but instead leases all staff from the Educational Service Center Council of Governments (ESCCOG). NEOMED bills the School monthly for rent which includes maintenance, utility, and common area expenses, and the ESCCOG bills the school monthly for salaries and benefits paid. In addition, the School has contracted with the ESCCOG to act as its fiscal agent.

**Financial Highlights**

Key financial highlights for fiscal year 2022 are as follows:

- Net position at June 30, 2022 was \$26,002,248. This represents an increase of \$2,356 compared to the prior fiscal year.
- The School had total revenues of \$10,802,422, including operating revenues of \$8,719,032 and non-operating revenues of \$2,083,390; these revenues supported operating expenses of \$9,961,645 and non-operating expenses of \$838,421 during fiscal year 2022.

**Using the Basic Financial Statements**

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

**Reporting the School's Financial Activities**

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

These documents look at all financial transactions and ask the question, "How did the School perform financially during 2022?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes in net position. This change in net position is important because it tells the reader that the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report. The statement of cash flows can be found on page 10.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-21 of this report.

The table below provides a summary of the School's net position at June 30, 2022 and June 30, 2021. The 2021 amounts for assets and liabilities have been restated due to the implementation of GASB Statement No. 87 (see Note 3 for more detail); however, this had no effect on net position as previously reported.

	<b>Net Position</b>	
	2022	(Restated) 2021
<b><u>Assets</u></b>		
Current assets	\$ 5,950,210	\$ 5,152,392
Capital assets, net	<u>26,605,835</u>	<u>25,053,947</u>
Total assets	<u>32,556,045</u>	<u>30,206,339</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,799,500	1,721,109
Long-term liabilities	<u>4,754,297</u>	<u>2,485,338</u>
Total liabilities	<u>6,553,797</u>	<u>4,206,447</u>
<b><u>Net position</u></b>		
Net investment in capital assets	21,713,204	22,421,186
Restricted	371,179	1,297,201
Unrestricted	<u>3,917,865</u>	<u>2,281,505</u>
Total net position	<u>\$ 26,002,248</u>	<u>\$ 25,999,892</u>

Over time, net position can serve as a useful indicator of a government's financial position. As of June 30, 2022, the School's assets exceeded liabilities by \$26,002,248. Of this total, \$371,179 is restricted in use and \$3,917,865 is unrestricted.

**Assets**

Current assets as of June 30, 2022 consist of cash and cash equivalents, receivables, and prepayments. The School's capital assets consist of leasehold improvements, equipment, and intangible right to use assets for buildings and equipment. Capital assets are used to provide services to the students and are not available for future spending; therefore, the School's net investment in capital assets is presented as a separate component of net position.

The increase in current assets is due to higher cash balances on hand as the School experienced a positive cash flow in fiscal year 2022. Net capital assets increased primarily due to the School signing a new lease for the right to use buildings.

**Liabilities**

Current liabilities consist of accounts payable, intergovernmental payable, accrued interest payable, and the current portion of the School's lease obligations. Long-term liabilities include an intergovernmental payable and leases payable. The intergovernmental payable is primarily amounts owed to the ESCCOG for expenses paid for salaries and benefits on behalf of the School. A portion of this is reported as a long-term liability. The overall increase in liabilities is due to the new building lease mentioned above.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The following table shows the changes in net position for fiscal years 2022 and 2021.

**Change in Net Position**

	2022	2021
<b><u>Operating revenues:</u></b>		
State Foundation	\$ 8,526,603	\$ 7,725,453
Tuition and fees	162,793	135,045
Miscellaneous	29,636	34,760
Total operating revenues	8,719,032	7,895,258
<b><u>Operating expenses:</u></b>		
Purchased services	7,955,494	6,610,528
Materials and supplies	653,569	427,054
Other	78,558	59,281
Depreciation/amortization	1,274,024	47,518
Total operating expenses	9,961,645	7,144,381
Operating income (loss)	(1,242,613)	750,877
<b><u>Non-operating revenues (expenses):</u></b>		
Federal, State and local grants	1,195,842	3,494,398
Intergovernmental	(687,757)	-
Interest earnings	1,744	1,320
Other financial assistance - forgiveness of Paycheck Protection Program loan	847,361	-
Contributions and donations	38,443	-
Interest and fiscal charges	(150,664)	(1,408)
Total non-operating revenues (expenses)	1,244,969	3,494,310
Change in net position	2,356	4,245,187
Net position at the beginning of the year	25,999,892	21,754,705
Net position at the end of the year	\$ 26,002,248	\$ 25,999,892

As the preceding table illustrates, the School's primary source of operating revenue is State Foundation revenue, which is allocated to schools throughout the State based in part on Full Time Equivalent (FTE) students reported by the schools. The School's FTE for fiscal year 2022 was 1,026 compared to 976 in 2021. The School's other main source of funding is Federal, State, and local grants. These were lower in fiscal year 2022, primarily due to a decrease in reimbursements from the Ohio Facilities Construction Commission (OFCC) as the project was completed early in the fiscal year. The School is reporting non-operating revenue of \$847,361 in fiscal year 2022 which represents the principal amount of the School's Paycheck Protection Program (PPP) loan that was forgiven.

The main component of expenses for the School is purchased services, which accounted for 79.9% of all operating expenses in fiscal year 2022. These expenses consist primarily of professional and technical services, including payments made under the school's services contract with the ESCCOG. Refer to Note 13 in the notes to the basic financial statements for additional detail on the components of purchased services expenses. Another significant operating expense is depreciation/amortization, which increased due to the acquisition of new capital assets in fiscal year 2022. Also, the School is reporting an intergovernmental expense of \$687,757. This represents the amount of OFCC grant funds that are to be repaid due to the construction project costs coming in below budget.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Capital Assets**

As of June 30, 2022, the School's capital assets consist of leasehold improvements, equipment, and intangible right to use assets for buildings and equipment in the amount of \$26,605,835 (net of accumulated depreciation/amortization). Capital asset acquisitions in fiscal year 2022 were mostly related to a new building which the School is leasing. Also, the OFCC project was completed early in fiscal year 2022 and the balance was removed from construction in progress and added to the leasehold improvements asst class. The total project cost amounted to approximately \$22.3 million. Total capital asset additions for the fiscal year amounted to \$2,825,912 and depreciation/amortization expense was \$1,274,024. See Note 5 in the notes to the basic financial statements for detail on the school's capital assets.

**Debt Administration**

Long-term debt outstanding for the School consists of lease obligations for the right to use buildings and equipment. As of June 30, 2022, the balance is \$4,892,631, of which \$193,843 is due within one year. The School had a PPP loan outstanding at June 30, 2021 which was fully forgiven in fiscal year 2022. Other changes include a new building lease in the amount of \$2,551,074. See Note 7 in the notes to the basic financial statements for detail on the capital leases and loan.

**Current Issues**

The School receives approximately 97.8% of its operating revenues from the Ohio Department of Education in the form of State Foundation revenues. Thus, the School is heavily reliant on the State funding formula in its ability to continue to provide quality educational services to its students. Currently the School's allocation for fiscal year 2023 is approximately \$8.4 million.

**Contacting the School's Financial Management**

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Tammy Rizzo, Treasurer of the Bio-Med Science Academy STEM School, 2080 Citygate Drive, Columbus, Ohio 43219.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2022

<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 5,815,428
Receivables:	
Accounts	17,886
Intergovernmental	104,463
Prepayments	12,433
Total current assets	5,950,210
Non-current assets:	
Capital assets being depreciated/amortized, net	26,605,835
Total non-current assets	26,605,835
Total assets	32,556,045
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	121,010
Intergovernmental payable	1,425,426
Leases payable	193,843
Accrued interest payable	59,221
Total current liabilities	1,799,500
Non-current liabilities:	
Intergovernmental payable	55,509
Leases payable	4,698,788
Total non-current liabilities	4,754,297
Total liabilities	6,553,797
<b>Net position:</b>	
Net investment in capital assets	21,713,204
Restricted for capital projects	179,701
Restricted for locally funded programs	68,817
Restricted for state programs	122,661
Unrestricted	3,917,865
Total net position	\$ 26,002,248

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Operating revenues:</b>	
State Foundation	\$ 8,526,603
Tuition and fees	162,793
Miscellaneous	29,636
Total operating revenues	8,719,032
<b>Operating expenses:</b>	
Purchased services	7,955,494
Materials and supplies	653,569
Other	78,558
Depreciation/amortization	1,274,024
Total operating expenses	9,961,645
Operating loss	(1,242,613)
<b>Non-operating revenues (expenses):</b>	
Federal, State and local grants	1,195,842
Intergovernmental	(687,757)
Interest earnings	1,744
Other financial assistance - forgiveness of Paycheck Protection Program loan	847,361
Contributions and donations	38,443
Interest and fiscal charges	(150,664)
Total non-operating revenues (expenses)	1,244,969
Change in net position	2,356
<b>Net position at beginning of year</b>	25,999,892
<b>Net position at end of year</b>	\$ 26,002,248

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Cash flows from operating activities:</b>	
Cash received from State Foundation	\$ 8,533,348
Cash received from tuition and fees	160,388
Cash received from miscellaneous sources	29,275
Cash payments for purchased services	(7,833,894)
Cash payments for materials and supplies	(562,269)
Cash payments for other expenses	(80,976)
	<hr/>
Net cash provided by operating activities	245,872
<b>Cash flows from noncapital financing activities:</b>	
Cash received from Federal, State and local grants	1,329,674
Cash received from contributions and donations	38,255
	<hr/>
Net cash provided by noncapital financing activities	1,367,929
<b>Cash flows from capital and related financing activities:</b>	
Interest and fiscal charges	(91,443)
Principal retirement on leases	(274,362)
Acquisition of capital assets	(291,680)
	<hr/>
Net cash used in capital and related financing activities	(657,485)
<b>Cash flows from investing activities:</b>	
Interest received	1,744
	<hr/>
Net cash provided by investing activities	1,744
Net increase in cash and cash equivalents	958,060
<b>Cash and cash equivalents at beginning of year</b>	<b>4,857,368</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 5,815,428</b>
	<hr/> <hr/>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss	\$ (1,242,613)
Adjustments:	
Depreciation/amortization	1,274,024
Changes in assets and liabilities:	
Increase in accounts receivable	(1,793)
Decrease in intergovernmental receivable	4,516
Decrease in prepayments	23,875
Increase in accounts payable	57,029
Increase in intergovernmental payable	130,834
	<hr/>
Net cash provided by operating activities	\$ 245,872
	<hr/> <hr/>

**Non-cash transactions:**

At June 30, 2021, the School had capital assets on account consisting of \$16,842 accounts payable. The School entered into a lease agreement in fiscal year 2022 for the right to use buildings, in the amount of \$2,551,074. In fiscal year 2022, the School recognized \$847,361 in non-operating revenue for the forgiveness of a loan.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

Bio-Med Science Academy STEM School (the School), Portage County, is a legally separate nonprofit corporation served by a seven-member Governing Board and meets the definition of a science, technology, engineering, and math (STEM) school under chapter 3326 of the Ohio Revised Code. The School, which is a part of the State's education program, is independent of any public school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School operates under a self-appointed Board of Directors (the Board). The School's Code of Regulations specifies that vacancies that arise on the Board are filled by the appointment of a successor director by a majority vote of the then-existing directors.

As further described in Note 10 and Note 11, the School has contracted with the Educational Service Center Council of Governments (ESCCOG) to employ office, teaching and administrative staff of the School. The ESCCOG also serves as the School's fiscal agent. The ESCCOG is a legally separate entity, the results of which are not reflected in the financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School's significant accounting policies are described below.

**A. Basis of Presentation**

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**B. Measurement Focus**

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

**C. Basis of Accounting**

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded upon the accrual basis when the exchange takes place.

Nonexchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows of resources. Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

Unlike other public schools located in the State of Ohio, STEM schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705. Ohio Revised Code Section 5705.391 does require the School to prepare a five-year projection.

**E. Cash and Cash Equivalents**

To improve cash management, all cash received by the School is pooled in central bank accounts. Monies for the School are maintained in these accounts or temporarily used to purchase short-term investments.

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

During fiscal year 2022, the School invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

**F. Accounts Receivable**

Accounts receivable primarily consists of student fees. Uncollectible amounts have been reserved and account receivable balances are shown net of the allowance for doubtful accounts.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed.

**H. Capital Assets and Depreciation**

Capital assets are recorded at historical cost on the date of acquisition, or if acquired by gift, at acquisition value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The School maintains a capitalization threshold of \$2,500.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All capital assets are depreciated/amortized. This is computed using the straight-line method over useful lives ranging from 5-15 years for equipment, and 20-24 years for leasehold improvements. Intangible right to use leased assets are amortized in a systematic and rational manor over the shorter of the estimated useful life of the underlying asset or the term of the lease. Currently this is 24 years for leased buildings, and 5 years for leased equipment.

**I. Net Position**

Net position represents the difference between assets and liabilities. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**J. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity. For the School, these revenues are payments from the State Foundation Program and sales/charges for services. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of the School. All revenues and expenses not meeting this definition are reported as non-operating.

**K. Intergovernmental Revenue**

The School participates in the State Foundation Program through the Ohio Department of Education. Revenues from the State Foundation Program are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Revenues received from other State and Federal programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

**L. Estimates**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2022, the School has implemented GASB Statement No. 87, “Leases”, GASB Implementation Guide 2019-3, “Leases”, GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”, GASB Implementation Guide 2020-1, “Implementation Guide Update - 2020”, GASB Statement No. 92, “Omnibus 2020”, GASB Statement No. 93, “Replacement of Interbank Offered Rates”, GASB Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32” and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)**

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the School's fiscal year 2022 financial statements. The School recognized an additional \$2,592,785 in leases payable at July 1, 2021; however, this entire amount was offset by an asset, intangible right to use - buildings, and there was no effect on net position as previously reported.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the School.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the School.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the School are classified by State statute into three categories.

Active monies are public deposits determined to be necessary to meet current demands upon the School treasury. Active monies must be maintained either as cash in the School Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Governing Board has identified as not required for use within the current five year period of designation of depositories.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptance for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the 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.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2022, the carrying amount of all School deposits was \$5,369,631 and the bank balance of all School deposits was \$5,487,064. Of the bank balance, \$250,000 was covered by the FDIC and \$5,237,064 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School’s deposits may not be returned. The School has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the School and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or (2) 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. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the School’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS.

**B. Investments**

As of June 30, 2022, the School had the following investment and maturity:

Measurement/ Investment type	Measurement Value	<u>Investment Maturity</u> 6 months or less
<i>Amortized Cost:</i>		
STAR Ohio	<u>\$ 445,797</u>	<u>\$ 445,797</u>

The weighted average maturity of STAR Ohio is approximately 35 days.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy requires that operating funds be invested primarily in investments so that the securities mature to meet cash requirements for ongoing operations and long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

*Credit Risk:* Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to invest in securities authorized by State statute.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer.

**NOTE 5 - CAPITAL ASSETS**

Due to the implementation of GASB Statement No. 87 (see Note 3 for detail), the School has reported capital assets for the right to use leased buildings and equipment which are reflected in the schedule below. Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance 06/30/21	Additions	Deductions	Balance 06/30/22
<i>Capital assets, not being depreciated/amortized:</i>				
Construction in progress	\$ 22,138,146	\$ 184,997	\$(22,323,143)	\$ -
Total capital assets, not being depreciated/amortized	<u>22,138,146</u>	<u>184,997</u>	<u>(22,323,143)</u>	<u>-</u>
<i>Capital assets, being depreciated/amortized:</i>				
Leasehold improvements	161,671	22,323,143	-	22,484,814
Intangible right to use - buildings	2,592,785	2,551,074	-	5,143,859
Equipment	325,506	89,841	-	415,347
Intangible right to use - equipment	49,004	-	-	49,004
Total capital assets, being depreciated/amortized	<u>3,128,966</u>	<u>24,964,058</u>	<u>-</u>	<u>28,093,024</u>
<i>Less: accumulated depreciation/amortization</i>				
Leasehold improvements	(29,506)	(938,215)	-	(967,721)
Intangible right to use - buildings	-	(290,298)	-	(290,298)
Equipment	(159,159)	(35,711)	-	(194,870)
Intangible right to use - equipment	(24,500)	(9,800)	-	(34,300)
Total accumulated depreciation/amortization	<u>(213,165)</u>	<u>(1,274,024)</u>	<u>-</u>	<u>(1,487,189)</u>
Total capital assets, net	<u>\$ 25,053,947</u>	<u>\$ 23,875,031</u>	<u>\$(22,323,143)</u>	<u>\$ 26,605,835</u>

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2022 consist of tuition and fees for services provided, reimbursements and intergovernmental grants and entitlements. All receivables are considered collectible in full and are expected to be collected within the subsequent year.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 7 - LONG-TERM OBLIGATIONS**

Due to the implementation of GASB Statement No. 87 (see Note 3 for detail), the School has reported obligations for leases payable which are reflected in the schedule below. The following tables summarizes the School's long-term obligations activity in fiscal year 2022.

	Restated Balance at <u>06/30/21</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>06/30/22</u>	Due Within <u>One Year</u>
Leases payable	\$ 2,615,919	\$ 2,551,074	\$ (274,362)	\$ 4,892,631	\$ 193,843
Loans payable from direct borrowing	847,361	-	(847,361)	-	-
Intergovernmental payable	<u>99,464</u>	<u>78,025</u>	<u>(59,939)</u>	<u>117,550</u>	<u>62,041</u>
Total long-term obligations	<u>\$ 3,562,744</u>	<u>\$ 2,629,099</u>	<u>\$ (1,181,662)</u>	<u>\$ 5,010,181</u>	<u>\$ 255,884</u>

Leases payable: The School has entered into two lease agreements for the right to use copier equipment. The term for each lease is 63 months. Payments are due monthly with the final payment due October 18, 2024.

The School has entered into a lease to rent a building from Shalersville Township. The lease term is ten and one-half years, commencing on January 1, 2017 and ending on June 30, 2027. Lease payments are set at \$65,000 per year, payable bi-annually. The lease payments for the first year (2017) were prorated. Subsequent bi-annual payments of \$32,500 are due each January 1 and July 1.

Effective February 1, 2019, the School entered into a lease to rent a building from Family & Community Services, Inc. for a term of twenty years, ending June 30, 2039. Monthly payments throughout the lease term are \$13,359 (\$160,312 annually).

Effective July 22, 2021, the School entered into a lease to rent a building from NEOMED. The initial lease term is twenty-four years, ending June 30, 2045. NEOMED is responsible for utilities and normal maintenance and repairs, which are partially reimbursed by the School. The School made one lump sum rental payment of \$129,863 for fiscal year 2022. For fiscal years 2023 through 2026, payments of \$12,500 are due monthly. Thereafter for the rest of the term, rental payments will be adjusted based on the Consumer Price Index for the immediately preceding lease year.

The following is a schedule of future lease payments:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 193,843	\$ 188,557	\$ 382,400
2024	242,484	138,144	380,628
2025	246,369	130,715	377,084
2026	252,056	123,256	375,312
2027	259,722	115,590	375,312
2028 - 2032	1,074,037	477,523	1,551,560
2033 - 2037	1,247,619	303,941	1,551,560
2038 - 2042	946,670	123,954	1,070,624
2043 - 2045	<u>429,831</u>	<u>20,169</u>	<u>450,000</u>
Total	<u>\$ 4,892,631</u>	<u>\$ 1,621,849</u>	<u>\$ 6,514,480</u>



**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

*Loans payable:* On May 4, 2020, the School entered into an agreement with The Huntington National Bank in the amount of \$847,361 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the Small Business Administration (SBA) under the Paycheck Protection Program (PPP). This loan is considered a direct borrowing. Direct borrowings have terms negotiated between the borrower and the lender and are not offered for public sale. The loan was forgiven in full in August of 2021 with no payments having been made.

*Intergovernmental payable:* The School's employees are employed by the Educational Service Center Council of Governments (ESCCOG). Sick and vacation leave payouts for these employees are paid by the ESCCOG and subsequently reimbursed by the School. The intergovernmental payable reported as a long-term obligation represents the sick and vacation leave balances for the School's employees in accordance with GASB Statement No. 16.

**NOTE 8 - INTERGOVERNMENTAL PAYABLES**

As discussed in Note 7, a portion of the School's intergovernmental payable liability represents a long-term payable to the ESCCOG. The following is a summary of other intergovernmental payables incurred by the School for fiscal year 2022:

Description	Amount
Payable to ESCCOG	\$ 574,626
College Credit Plus Adjustment Payable to the Ohio Department of Education	13,491
FTE Adjustment Payable to the Ohio Department of Education	2,229
Unused Grant Funds Payable to the Ohio Facilities Construction Commission	687,757
Payable to Other Governmental Entities	85,282
Total	\$ 1,363,385

**NOTE 9 - RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School has contracted with a commercial insurance company for property and general liability insurance. Property coverage carries a \$1,000 deductible, with the School's contents insured for \$250,000. General liability coverage provides \$1,000,000 per occurrence and \$3,000,000 in the aggregate with a \$2,500 deductible.

There were no claims reported in the past three fiscal years, nor decreases in coverages compared to the prior fiscal year.

**NOTE 10 - BIO-MED PERSONNEL**

The School does not employ any personnel, but instead purchases services from the ESCCOG for teachers, administrators and office staff. All employee salary and benefits are paid by the ESCCOG and billed to the School on a monthly basis. As the employer of record, ESCCOG is responsible for remitting all employer taxes and pension expenses and has accrued the GASB 68 pension liability and GASB 75 OPEB liability for these personnel on its financial statements.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 11 - SERVICE AGREEMENT**

The School has entered into a service contract with the Educational Service Center Council of Governments (ESCCOG) for fiscal year 2022 to provide fiscal, payroll, Comprehensive Continuous Improvement Planning (CCIP), and Ohio Facilities Construction Commission consulting services. The ESCCOG shall perform the following services for the School in accordance with the services proposal:

- Month End Accounting
- Accounts Payable/Receivable
- Payroll
- Accounting/Fiscal Support/Tax Reporting/General Office Support
- EMIS/Recordkeeping
- Ohio Facilities Construction Commission Reporting

**NOTE 12 - TAX EXEMPT STATUS**

The School has a tax exempt, non-profit organization under the Internal Revenue Code Section 501(c)(3).

**NOTE 13 - PURCHASED SERVICES**

For fiscal year ended June 30, 2022, purchased services expenses were as follows:

Professional and technical services *	\$ 6,483,226
Property services	356,320
Travel mileage and meetings	19,875
Communications	49,564
Utilities	99,440
Contracted craft or trade	244,444
Tuition	35,757
Pupil transportation services	13,675
Other	<u>653,193</u>
Total	<u>\$ 7,955,494</u>

\* Professional and technical services includes \$5,921,507 in salary and benefit related expenses specific to School employees who are employed by the ESCCOG.

**NOTE 14 - CONTINGENCIES**

**A. Grants**

The School received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2022.

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 14 - CONTINGENCIES - (Continued)**

**B. State Foundation Funding**

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. STEM schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE review for the fiscal year 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.

As of the date of this report, additional ODE adjustments for fiscal year 2022 have been finalized. As a result, the School owed an amount to ODE which is reported as a liability.

**C. Litigation**

The School is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements at June 30, 2022.

**NOTE 15 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School. The impact on the School's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**BIO-MED SCIENCE ACADEMY STEM  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>FEDERAL GRANTOR\ Pass Through Grantor\ Program Title</b>	<b>Pass Through Entity Number</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
National School Lunch Program	N/A	10.555	\$ 239,387
COVID-19 National School Lunch Program	N/A	10.555	<u>3,773</u>
Total U.S. Department of Agriculture			<u>243,160</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education Grants to States	N/A	84.027	<u>167,132</u>
Total Special Education Cluster			<u>167,132</u>
Title I Grants to Local Educational Agencies	N/A	84.010	75,529
Supporting Effective Instruction State Grants	N/A	84.367	18,616
Student Support and Academic Enrichment Program	N/A	84.424	16,693
Elementary and Secondary School Emergency Relief (ESSER) Fund:			
COVID-19 ESSER II	N/A	84.425D	1,203
COVID-19 Innovative Workforce Incentive Program	N/A	84.425D	145,613
COVID-19 ARP - ESSER	N/A	84.425U	<u>287,294</u>
Total Elementary and Secondary School Emergency Relief Fund			<u>434,110</u>
Total U.S. Department of Education			<u>712,080</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Department of Education:</i>			
COVID-19 Coronavirus Relief Fund - BroadbandOhio Connectivity	N/A	21.019	<u>160</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 955,400</u></b>

*The accompanying notes are in integral part of this schedule.*

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
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**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Bio-Med Science Academy STEM School, Portage County (the School) under programs of the federal government for the fiscal year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - CHILD NUTRITION CLUSTER**

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

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

Bio-Med Science Academy STEM School  
Portage County  
4209 State Route 44  
Rootstown, Ohio 44272

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bio-Med Science Academy STEM School, Portage County, (the School) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 20, 2022.

***Report on Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wilson, Shannon & Snow, Inc.*

Newark, Ohio  
December 20, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Bio-Med Science Academy STEM School  
Portage County  
4209 State Route 44  
Rootstown, Ohio 44272

To the Board of Directors:

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited the Bio-Med Science Academy STEM School's, Portage County, (the School) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the School's major federal program for the fiscal year ended June 30, 2022. The School's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Bio-Med Science Academy STEM School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2022.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

The School's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Bio-Med Science Academy STEM School  
Portage County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to the Major Federal Program and on Internal Control  
Over Compliance Required by the Uniform Guidance  
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Newark, Ohio  
December 20, 2022

**BIO-MED SCIENCE ACADEMY STEM SCHOOL  
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Elementary and Secondary School Emergency Relief Fund/ALN 84.425D, 84.425U
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**BIO-MED SCIENCE ACADEMY STEM SCHOOL**

**PORTAGE 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 2/28/2023**

88 East Broad 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](http://www.ohioauditor.gov)