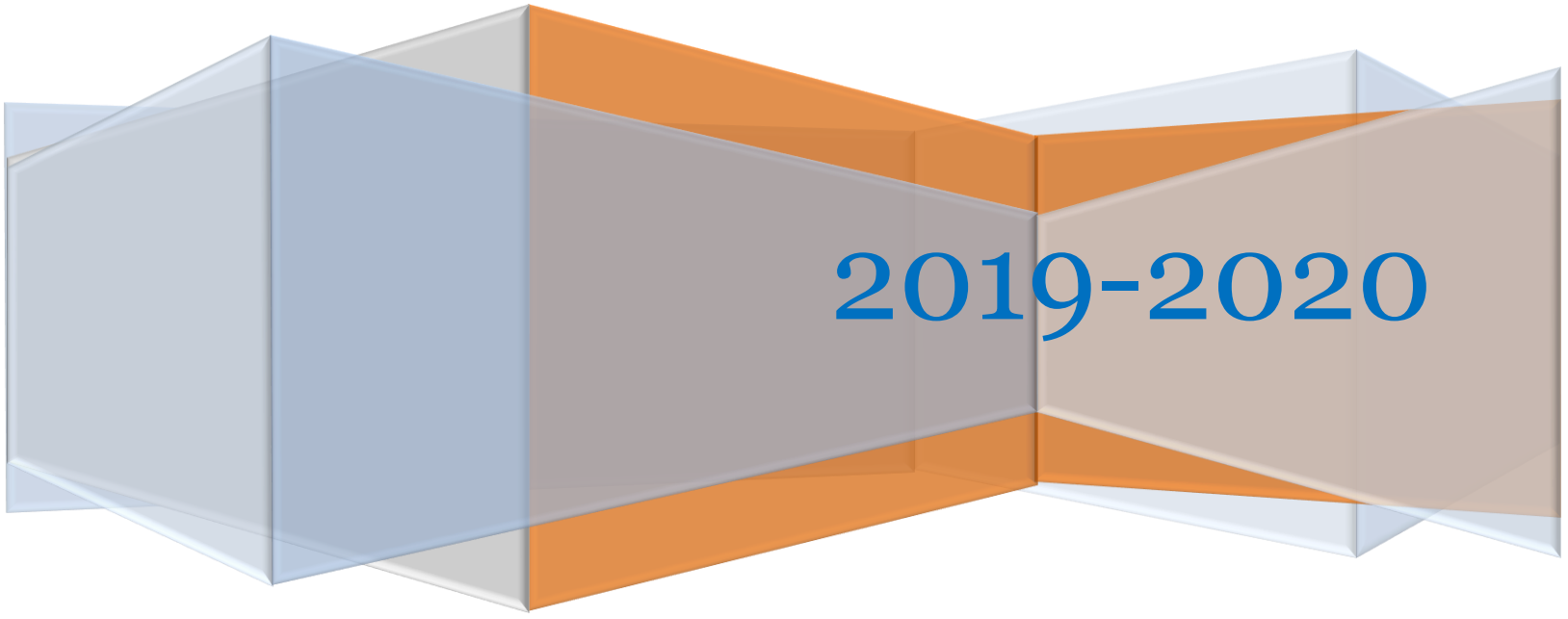
FusionEd
CAREER STARTS HERE

Fusion Ed High School

Indianapolis, Indiana

Ball State University Application



Office of Charter Schools

REQUEST FOR PROPOSAL

For

Fusion Ed High School

Opening in the 2019-2020 School Year

This Request for Proposals for Ball State University was developed in collaboration with the National Association of Charter School Authorizers (NACSA).

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Fusion Ed High School

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PROPOSAL COVER SHEET & ENROLLMENT PROJECTION

Primary Contact. Identify the **primary point of contact** for your team. This individual will serve as the contact for all communications, scheduling, and notices regarding your application. The Primary Contact should be the user of the team's CSAPPHIRE account to ensure that your team receives all general communications promptly.

Note: As with all aspects of your application, names and contact information of the Primary Contact will become public information.

Primary contact person: Yvonne Adkins

Mailing address: 9219 US Highway 42, Suite D210, Prospect, KY 40059

Phone: (day) 330-800-6363 **(evening)** 502-512-0202

Email address: yvonne@adkinsandcompany.com **Fax:** N/A

Primary contact for facilities planning: **Yvonne Adkins**

Phone Number: 330-800-6363 **e-mail**: yvonne@adkinsandcompany.com

Name of team or entity applying: Fusion Ed High School

Names, roles, and current employment of all persons on applicant team (*you may add lines as needed)*:

Full Name	Current Job Title and Employer	Position with Proposed School
Jerrell Wiggins	**Patrol Officer, Lebanon Police Department**	**Board Chair / Fusion Ed High School**
Trent Williams	**Assistant Professor, IU**	**Board Vice-Chair/ Fusion Ed High School**
Mary Douglass	**CEO, Infinity Financial Group, Inc.**	**Board Treasurer / Fusion Ed High School**
Tamela Ingram-Hamer	**Founder, Mothers of Strength**	**Board Secretary / Fusion Ed High School**
Yvonne Adkins	**Governmental Relations & Strategic Partnerships, Adkins & Company**	**Governance & Compliance Consultant, Fusion Ed High School**
Jim Blair	**CEO, Fusion Ed**	**CMO, Fusion Ed High School**
Bryce Johnston	**COO, Fusion Ed**	**CMO, Fusion Ed High School**
Mary Ann Schneider, PhD	**CAO, Superintendent, Fusion Ed**	**CMO, Fusion Ed High School**
Robert Fox	**Director of Operations, Fusion Ed**	**CMO, Fusion Ed High School**
Stacey Murphy	**Director of Curriculum & Instruction, Fusion Ed**	**CMO, Fusion Ed High School**
Karen Luehrman	**Director of Assessment & Accountability, Fusion Ed**	**CMO, Fusion Ed High School**
Denise Otteni-Jones	**Director of Special Education**	**CMO, Fusion Ed High School**
David Genet	**Director of Finance, Fusion Ed**	**CMO, Fusion Ed High School**

***Does this applicant team have charter school applications under consideration by any other authorizer(s) in the United States?** ☐Yes X ☐No

If yes, complete the table below, adding lines as needed.

State	Authorizer	Proposed School Name	Application Due Date	Decision Date
	N/A			

Will an application for the same charter school be submitted to another authorizer in the near future?

☐Yes X☐No

If yes, identify the authorizer(s): **N/A**

Planned submission date(s): **N/A**

Proposed School Name	Opening Year	City or Geographic Community	Opening Grades	Grade Levels at Full Enrollment
Fusion Ed High School	**2019-2020**	**Indianapolis, IN**	**9-12**	**9-12**

Please list the number of previous submissions for request to authorizer this charter school over the past five years, as required under IC § 20-24-3-4. Include the following information:

Authorizer(s): **N/A**

Submission date(s): **N/A**

Provide the name and desired opening year for each school included in this proposal ***(adding lines as needed).***

Model or Focus of Proposed School (*e.g.*, Arts, College Prep, Dual Language, etc.), if any:

Fusion Ed High School (FEHS) is a dropout recovery, dropout prevention high school with a focus on career and technical education and industry recognized certifications.

***Does the school expect to contract or partner with an Education Service Provider (ESP; *i.e.* Charter Management Organization or Education Management Organization) or other organization for school management/operation?**

X☐Yes ☐No

If yes, identify the ESP or other partner organization: **Fusion Career Education Inc.**

Proposed Principal / Head of School Information (for all school(s) proposed to open in 2019; add additional lines as needed) if known:
Name of proposed Principal Candidate: Principal Candidate is not yet determined

Name of School: N/A

Current employment: _____

Daytime phone: _____ Cell phone: _____

Email: _____

School Enrollment Projection
Provide the following information for **each school** included in this proposal. Specify the planned year of opening for each *(duplicating the table as needed.)*

School Name: **Fusion Ed High School**

Academic Year	Planned Number of Students	Maximum Number of Students	Grade Levels Served
Year 1 (2019-2020)	130	200	9-12
Year 2 (2020-2021)	160	200	9-12
Year 3 (2021-2022)	175	200	9-12
Year 4 (2022-2023)	190	200	9-12
Year 5 (2023-2024	200	200	9-12
At Capacity (2023-2024)	200	200	9-12

PROPOSAL NARRATIVE

Please respond to the following questions, limiting your narrative response to all sections to 75 pages total, excluding attachments.

School Overview

The School Overview should provide a concise overview of the targeted community(ies) and your community engagement to date; the school design being proposed for replication; the replication or network growth plan; and the applicant's performance record and capacity to execute the plan successfully. The School Overview should address the following:

Mission and Vision for Growth in Indiana. State the mission and vision of the proposed school(s) and network as a whole. Provide an overview of the organization's[1] strategic vision and five-year growth plan for developing new schools in Indiana including years of opening; number and types of schools (grade levels); and projected numbers of students. Briefly describe the targeted city(ies) or community(ies) and explain how each school would meet identified needs in its respective community.

The mission of Fusion Ed High School (FEHS) is as follows: "We change lives by training students in certifiable skills that lead to promising careers." The FEHS objective is that students graduate with a diploma AND an industry-recognized credential. We do this by combining academic programs and career training.

The vision of Fusion Ed High School is to ensure our students leave the school proud of their accomplishments and hopeful about their future, equipped with the academic and career skills needed for lifelong success.

The FEHS Educational Program is based upon the premise that at-risk students have different needs, learn at different rates, and have diverse learning styles, which have not been addressed by traditional public schools and has caused many of these students to drop out of school. This mission will be served by providing the school's students with an individualized and self-paced program set in a flexible environment that is responsive to students' needs, and by providing an educational experience that leads to a high school diploma and a career or technical program certificate of completion. FEHS believes these factors to lead to post-secondary success. FEHS will provide a comprehensive, positive educational experience to instill in each student the knowledge and confidence needed to succeed in reaching his/her goals. The school will strive to motivate, teach, and guide each student through his/her educational growth and development. This approach will be accomplished by emphasizing the development of both cognitive and social skills.

FEHS is proposed to open for the 2019-2020 school year in the Indianapolis's east side community and is positioning itself to have a significant impact on at-risk high school aged students who live in and near these neighborhoods. FEHS has contracted with Fusion Career Education, Inc. (Fusion Ed), a charter management organization (CMO) from Salt Lake City, Utah with authority to do business in Indiana. Jim Blair and Bryce Johnston, co-founders of Fusion Ed, are experienced career technical focused charter school operators. Jim Blair wrote the Career Path High application in Utah, and the organization has taken on career and technical schools as its passion ever since. It

[1] Note: The term "organization" as used throughout this RFP applies to any applicant or partnership among groups applying to replicate a school model. Thus, it may include an existing school or group of schools proposing to replicate; an existing school network or education service provider (ESP) applying directly for a charter; a governing board proposing to contract with an education service provider (ESP); or other entities and arrangements. *In the case of an applicant proposing to contract or partner with a service provider, applicants should provide requested information for both entities if applicable*.

has developed, implemented, and managed career and technical programming in various schools. Fusion Ed has worked with seven Life Skills High Schools in Ohio over the past two years to implement improvements throughout their career and technical programs and recently assumed the management contracts of the schools to provide full-service operations management in addition to career and technical program services.

These seven Life Skills High Schools focus on serving the dropout recovery and dropout prevention population located in Cincinnati, Columbus, Dayton, Elyria, North Akron and Toledo, Ohio. Fusion Ed has worked diligently to improve the schools' culture, performance, and career and technical partnership opportunities for their students. This year is proving successful for the Fusion Ed network, as the schools' leadership has embraced the improvements and teachers are engaged in the processes resulting in strong student outcomes. Fusion Ed has brought in various career and technical partners, enabling the student options for future employment to continue to increase, and by design, the community benefits as well. The focus has changed at Life Skills from working with students to obtain a diploma, to working with students to determine their professions and then placing them in a program that will guide them through the academic and career pathway toward earning a diploma coupled with a certification in a career or technical field where they can continue to be successful. This successful model will be implemented at FEHS.

Meeting Identified Need

The number of students dropping out of traditional school systems is improving, but still too high across the country. Based on data from the Current Population Survey, the status dropout rate (percentage of 16- to 24-year-olds who are not enrolled in school and have not earned a high school credential (either a diploma or an equivalency credential such as a GED certificate) as of 2015 is 5.9 percent.[2] Fusion Ed understands that there is a need to improve the educational outcome of students in Indianapolis, Indiana as the dropout rate continues to impact the city. In Indianapolis, the graduation rate is increasing, but it is still at 8.5% for the 4-year cohort as of 2016-2017. The city was chosen for its historically positive charter school performance, the current demand for drop out recovery schools, and the economic needs of Indianapolis residents for an education model that provides career ready alternatives. Released in 2013, a Thomas B. Fordham Institute's research study entitled *Searching for Excellence: A Five-City Cross State Comparison of Charter School Quality* indicated that in Indianapolis, the average charter school quality was outperforming the local district averages based upon reading pass rates for grades 3-5 in the school year 2010-11.

Additionally, a study in March 2011 by the Center for Research on Education Outcomes (CREDO) at Stanford University was conducted that reviewed charter school performance in Indianapolis and Indiana. Overall, charter school growth in Indiana and Indianapolis outpaced the growth of traditional public schools. Looking at the distribution of school performance, 98% of the charter schools grew with similar or better rates than traditional public schools in reading and 100% of charter schools grew with similar or better rates in math compared to traditional public schools.[3] Charter schools of all ages in Indiana on average grew at better rates than traditional public schools and charter school students grew at higher rates compared to their traditional public school peers in their first 2 years of enrollment in charter schools.[4] African American students in charter schools produced higher learning gains than those in traditional public schools. African American students in Indiana charter schools grew at similar rates to the average white students in a traditional public

[2] U.S. Department of Education, National Center for Education Statistics. (2017). The Condition of Education 2017 (NCES 2017-144), Status Dropout Rates. https://nces.ed.gov/fastfacts/display.asp?id=16 (accessed 13 August 2018)
[3] http://credo.stanford.edu/reports/IN_State_Report_CREDO_%202011.pdf
[4] Ibid

school in math.[5] The study showed that charter school students in poverty also had learning gains better than their peers at traditional public schools in math as did charter school students that were retained a grade.[6]

There continues to be a need in Indianapolis for drop out recovery schools. All data for the Indianapolis Public Schools (IPS) is compiled from the Indiana Department of Education website per the 2017-2018 school year. IPS serves 27,630 students with a population that consist of 78.8% minorities of which 52.44% are African American, 30.38% are Hispanic, and 5.3% are Multi-racial.[7] Of this population, 82.43% of students qualify for free/reduced lunch. The enrollment figures have declined significantly since 2005 when the district served over 38,000 students. The school district is considered low performing according to recent academic and state test data. For the 2017-2018 school year, IPS received a "D" letter grade on the state report card. On the High School – Mathematics state test, only 10.3% of students passed the assessment, which is below the state average. On the High School-Reading state test, only 30.3% of students passed the assessment, which is also below the state average. The 2017-2018 graduation rate within four years was 82.6% as compared to the state average of 87.2%. However, the College & Career Readiness rate for students was only 41.7% compared to 61.8% for the state. During the same year, only 4.13% of students were enrolled in a Career & Technical program, and only 4.5% of students were receiving Alternative Education. There remains significant room for improvement in providing an alternative education model for those students who are struggling to graduate on time.

Coupled with a low performing school district, the city of Indianapolis suffers from low education rates and high poverty among its minority population. According to U. S. Census data, Indianapolis has a population of 856,196, of which only 29.7% are African American, and 9.9% are Hispanic. While the unemployment rate is 6.1% for all demographics, it increases significantly for African Americans at 28.25%. Per Census records, during the past twelve months, 19.9% of Indianapolis residents lived below the poverty line.[8] Per the 2012-2016 American Community Survey 5-Year Estimates results, a discouraging 19.3% of the population age 18 to 24 is classified as less than high school graduates. The poverty rate for residents under 18 years of age is 31.3% and the rate of those who are between 18 and 34 years old is 22.6%. The poverty rate of residents over 25 years old who did not have a high school diploma is 34.7%.

Given the above statistics, Indianapolis is in need of a high quality drop out recovery program that will prepare students for a career, the military, and/or post-secondary study. There remains a strong demand for drop out recovery schools in Indianapolis. When Excel School opened it dropout recovery school in 2010 in Indianapolis, it had a waiting list of approximately 800 students. More than 1,000 students of all ages applied for only 300 openings.[9] FEHS has partnered with Fusion Ed to make this successful career technical focused high school model available to Indianapolis students. With better options available for career and workforce training in addition to high-quality academic instruction, more students will enroll and become engaged and successful in achieving program completion with a diploma and certification, increasing employment opportunities across Indianapolis.

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[5] Ibid
[6] Ibid
[7] Indiana Department of Education. DOE Compass.
http://compass.doe.in.gov/dashboard/overview.aspx?type=corp&id=5385%22=_blank
[8] https://factfinder.census.gov/faces/tableservices/jsf/pages/productviews.xhtml?pid=ACS_16_5YR_S1701&prodType=table
[9] https://hechingerreport.org/dropouts-try-to-find-their-way-back-to-school/ (accessed July 9, 2018)

Growth Model
Fusion Ed will open one school in Indianapolis over the five year period and begin in the school year 2019-2020. FEHS will grow slowly with an intentional maximum of 200 students for the purposes of providing individualized instruction. The enrollment chart is as follows:

Academic Year	Planned Number of Students	Maximum Number of Students	Grade Levels Served
Year 1 (2019-2020)	130	200	9-12
Year 2 (2020-2021)	160	200	9-12
Year 3 (2021-2022)	175	200	9-12
Year 4 (2022-2023)	190	200	9-12
Year 5 (2023-2024	200	200	9-12
At Capacity (2023-2024)	200	200	9-12

Anticipated Population and Educational Need. Describe the anticipated student population, including geographic preferences (if applicable); students' anticipated educational needs; and non-academic challenges the school is likely to encounter. Describe the rationale for selecting the location and student body. Identify any enrollment priorities on which the program is based consistent with applicable restrictions on enrollment eligibility and selection.

Anticipated Student Population
Fusion Ed High School (FEHS) will provide a unique opportunity for high school aged students interested in an individualized, self-paced academic program with advanced technology and a focus on career and technical education and certification. The target population is an at-risk drop out high school student population in Indianapolis for which a traditional model of education has not led to academic success. The National Center for Education Statistics lists the following factors that lead to an "at-risk" label for students: 1) Low socioeconomic status, 2) Living in a single-parent home, 3) Changing schools at non-traditional times, 4) Below-average grades in middle school, 5) Being held back in school through grade retention, 6) Having older siblings who left high school before completion, and 7) Negative peer pressure.

The NCES study on dropout students published in May 2015 indicated many of the reasons why students dropped out including:[10]

- Could not work and go to school at the same time
- Did not like school
- Did not need to complete high school for what I wanted to do
- Got behind in school work or got poor grades
- Had to take care of or financially support my family
- My friends had dropped out of school
- Thought it would be easier to get a GED or alternative high school credential
- Wanted to gain early admission to the school

These students have been dispelled and displaced from traditional education options. Many believe that they have no opportunity to complete their high school education. FEHS will meet the needs that traditional educational environments are not fulfilling. The FEHS educational model offers a flexible program that is technology-driven learning coupled with people driven education. This

[10] https://nces.ed.gov/pubs2015/2015064.pdf

mission will be served by providing the students with an individualized and self-paced program set in a flexible scheduling environment that is responsive to its students' needs, and by providing an educational experience that leads to a high school diploma (not a GED) and post-secondary success. A high school diploma will not only benefit those young adults that take advantage of the opportunities it offers but through the productivity rippling effect that the graduate him/herself will have over time, it will also benefit the community as a whole.

Geographic Preferences

The alternative FEHS model is not available to students in the east side community of Indianapolis where the interest and support from FEHS board members and school advocates are strong. The proximity of services and resources will offer additional supports that students will need to flourish.

The IFF study of 2016, Cool School website[11] shows a high-need in this far eastside area with over 800 high-quality seats needed for high school students. There is no charter high school in the community. The neighboring public high school is John Marshall Community School with 494 students that are 72% African American and currently performs at a grade level of D on the IDOE report card, has 1% proficiency on the ISTEP Math, and demonstrates 20% proficiency on the ISTEP ELA.[12] There is no direct access to individualized instruction for at-risk high school students in this area. There is no career focused partnerships and programs wherein high school students can work simultaneously to obtain a career certification along with their high school credits. FEHS's unique educational experience will combine these elements in an environment that is responsive to students' needs and lead to both high school and career success.

The targeted areas incorporate zip codes of 46219, 46235, and 46226 where the violent crime index greatly exceeds the national average of 3.1 on a scale of 1 to 100. For all three zip codes, the crime index is elevated as follows: 46219 (52.3), 46235 (76.7), and 46226 (73.2).[13] At-risk students living in these high crime communities have a right to learn in an educational environment that is safe and secure.

Non-academic Challenges

The flexible scheduling of school hours that FEHS will provide offers a great advantage for those young adults that want to avail themselves of educational opportunities but who may have special life challenges and circumstances that prevent them from attending a traditional eight hour school day, or during a specific timeframe. Examples of these life challenges include being student-parents and/or working to support oneself or one's family. Included in the target population are students who have been born and raised in poverty and low-income families and/or have been in and out of foster care. This student population experiences high instances of homelessness and chronic absenteeism, with a significant number having children of their own. These high non-academic risk factors have a dramatic impact on a student's academic achievement and persistence toward high school graduation and additional postsecondary education/training.

The knowledge and skills that these at-risk students will take with them after leaving FEHS will give them the foundation for success in future education, employment, and as members of the community. Without education, a student's future can be bleak. The EPE Research Center reports that "nationally, approximately seventy percent of students graduate from high school on time, with a regular diploma, but that little more than half of the African-American and Hispanic students earn

[11] https://public.tableau.com/profile/iffresearch#!/vizhome/2016-17 IndianapolisCoolSchoolTool/NeedsAssessment (accessed 13 August 2018)
[12] ibid
[13] https://www.bestplaces.net/crime/zip-code/indiana/indianapolis/46226 (accessed 14 August 2018)

diplomas with their peers. The social and economic costs of high school dropouts are staggering. Not only do dropouts earn significantly less (over the course of a lifetime, a high school dropout earns, on average, about $260,000 less than a high school graduate), but they also contribute to billions of dollars of expenditures in uninsured health care costs and crime-related costs." [14]

An additional non-academic challenge includes lack of parental involvement in the education life of the student. According to a *2012 High School Dropouts in America* survey by Harris Interactive, about 1 in 5 students say they lack parental support, and another fifth are parents.[15] For students at-risk for dropping out, the engagement of parents in the education model is paramount. Relationships with the parents will be encouraged by setting systems and processes in place to emphasize the importance of home-school communication and parental involvement.

Educational Plan/School Design. Provide an overview of the education program proposed for replication. Briefly explain the research base and performance record that demonstrate the school model will be successful in improving academic achievement for the targeted student population.

Fusion Ed High School (FEHS) will be is a dropout recovery and prevention school focused on providing the supports and resources to place students back on track to complete Indiana's high school graduation requirements. FEHS is proposing a career pathways development plan to directly address the urgent academic and career needs of its graduates that will lead to students graduating with a diploma and at least one industry-recognized credential (IRC). In addition to providing the academic lessons, FEHS is actively pursuing local providers to assist the school in offering wraparound services that address a student's physical, social and emotional needs. These tools together will increase student employability and capacity to experience a productive future and become economic contributors to their households and the Indianapolis community. As opposed to focusing on basic job skills training, FEHS will provide career-focused pathway programming that equips and empowers students with multiple options for success by becoming direct hires in high demand careers, entering the military, and/or enrolling in a post-high school education (two-year, four-year, or technical programs). Should the student choose to enroll in a post-high school non-technical program, students will be encouraged to take advantage of dual credit when possible. An individual career plan will be created and developed for every student. See **Individual Career Plan included in Attachment 3**.

Career and Technical Education Program Model

FEHS will specialize in providing an academic model that leads to a high school diploma and at least one IRC. FEHS will offer diverse opportunities for students to take advantage of varied career paths. FEHS will prepare students for the workforce by combining exceptional classroom academics with hands-on learning in an array of career pathways. The high school graduation rate for students who concentrate in a career-based program is approximately 90%, which is 15 percentage points higher than the national average.[16] The FEHS model is designed to serve low-income and at-risk students in the underperforming Indianapolis Public Schools district. A recent study by the Thomas B. Fordham Institute offered numerous benefits of Career Technical Education (CTE) study by high school students. Data showed the following:

- Students with greater exposure to CTE are more likely to graduate from high school, enroll in a two-year college, be employed, and earn higher wages.

[14] http://www.ncsl.org/research/education/at-risk-students-dropout-prevention-and-recovery.aspx (accessed 14 August 2018)
[15] http://www.csmonitor.com/USA/2013/0115/How-to-get-high-school-dropouts-into-recovery-Ideas-bloom-across-US
[16] https://careertech.org/cte(accessed August 15, 2018)

- CTE is not a path away from college: Students taking more CTE classes are as likely to pursue a post high school education (two-year, four-year degree or technical program) as their peers.
- Students who focus on their CTE coursework are more likely to graduate high school by twenty-one percentage points compared to otherwise similar students (and they see a positive impact on other outcomes as well).
- CTE provides the greatest boost to the kids who need it most—boys, and students from low-income families.[17]

A significant number of at-risk youth lack the opportunity to become trained in a CTE profession. The traditional high school emphasizes preparing students to be college ready while neglecting career training pathways, so, there is less information made available about various CTE fields and the financially rewarding benefits of these professions. The goal of FEHS is to fill the gap for those students who seek alternative and concentrated education studies by offering industry-credentialed courses that are aligned with the Indiana Department of Education (IDOE).

FEHS chooses the 9th-12th-grade levels specified to improve students' chance of obtaining a job after completion of coursework based upon the following reported data:

- Half of all STEM jobs call for workers with less than a bachelor's degree
- Health care occupations, many of which require an associate degree or less, make up 12 of the 20 fastest growing occupations
- 3 million workers will be needed for the nation's infrastructure in the next decade, including designing, building and operating transportation, housing, utilities, and telecommunications
- Middle-skill jobs, jobs that require education and training beyond high school but less than a bachelor's degree, are a significant part of the economy.
- Of the 55 million job openings created by 2020, 30 percent will require some college or a two-year associate degree
- More than 80 percent of manufacturers report that talent shortages will impact their ability to meet customer demand

Curriculum Framework

The school will create curriculum maps to illustrate when content should be taught during the school year in each course. Pacing guides will accompany maps to ensure content is covered before state testing. Benchmark assessment, common curricular assessment, and state assessment data will be collected throughout the school year. The data collection is a process of quality control that identifies students who have mastered skills and those who have not. These multiple assessments (which are correlated with the curriculum alignment and maps) allow FEHS to collect objective data throughout the school year determining where students are, and where they need to be. It is important that the educational philosophy and instructional methods address the student population, which will be composed of various levels of mastery.

The school will employ a standards-based curriculum resource, Apex Learning, which is aligned to Indiana Academic Standards. In addition to the core skills in ELA, mathematics, science and social studies, the students will understand that the post-secondary opportunities dramatically increase when they acquire college and career-readiness knowledge that help the academic

[17] https://edexcellence.net/publications/career-and-technical-education-in-high-school-does-it-improve-student-outcomes (accessed August 16, 2018)

learner reach their full potential. A variety of industry credentials will be offered to propel students toward their academic and career goals. Students will realize that they are not only competing with those students in their class, school, neighboring district or states but globally. The FEHS curriculum framework will address student needs as they prepare to become leaders in the following ways:

- Developing core skills for independent, critical and creative thinking and encouraging the pursuit of life-long learning
- Providing individualized learning paths, flexible scheduling, and academic acceleration and intervention, if needed
- Access to online and mobile learning with an emphasis on collaboration
- Real-world work processes, problem-solving and products embedded in student learning
- Implementing formative instructional practices to provide safety nets for all learners and to provide extended learning opportunities for learners, when needed
- Supply students with 24/7 access to learning

Curriculum Resources

FEHS uses Apex Learning as its primary curriculum resource. Apex Learning is a research-based curriculum that is proven to support a wide variety of students including those that FEHS will serve. Apex Learning encompasses a solid foundation and is aligned to the Indiana Academic Standards. A link to the significant research that demonstrates how Apex Learning has improved the learning outcomes of dropout recovery and dropout prevention students can be found in https://www.apexlearning.com/resources/case-studies?category=51.

No single curriculum content provider will meet all state standards or the needs of the students. FEHS engages a rigorous curriculum design process that reviews all the courses supported within the Apex Learning curriculum, as well as all teachers, created content, and external supplemental curricula. This process takes into account the Indiana Academic Standards and state required testing to ensure that the standards are addressed. These created materials will be housed in the schools Canvas Learning Object Repository to facilitate ease of access. Additional supports that will be maintained in Canvas may come from external supports such as OER Commons and other teacher collaboration sites. The review of FEHS Career Pathways Courses follows a similar review process to make sure all credentialing requirements are met. Content specific faculty collaborates across schools to develop units, lessons, and formative and summative assessments designed to address gaps in curriculum and share best practices in the classroom.

The Chief Academic Officer/Superintendent, Director of Assessment and Accountability, and Director of Curriculum Development and Instructional Design guide and support this development process and review all content using a Curriculum Rubric to certify and share the completed products. Using an inclusion model that includes content teachers, Intervention Specialist, and other academic staff in the schools, all materials regardless of whether they are created, open sourced, or purchased are reviewed before use in the classroom.

To supplement the online content and the teachers' developed units and assessments, FHS supplies a variety of supplemental resources. While this is not an exhaustive list, supplemental curricular supports may include:

- Own It! – support students in their Discovery Lab experiences
- Khan Academy – to help fill the gaps in Math, Science/Engineering, Computing, and others
- iCivics – engage students in Civic learning
- PhET simulations – provide engaging activities for Science
- ReadWriteThink – supports reading and Language Arts

Additionally, the Career Technical Education program will include educational resources such as ProTrain, RightSkill, and DevMountain.

Highly Trained Staff

Highly Qualified Teachers are empowered to use their expertise and training to teach to the individuals in their classes with the Apex curriculum as their base, and additional online resources they curate and leverage or ones that they create themselves. Teachers submit resources and lesson plans to the School Leadership Team for review. The staff is trained and supported with Professional Development all year long on deconstructing standards, aligning all curriculum resources to the standards, emphasizing depths of knowledge levels required by specific standards, and assessing students for learning. Staff members also receive training on specialized career programs to support students in college and career pathway curriculum.

Career-based programming

In addition to the IDOE's Core 40 high school curriculum leading to a diploma, the students learn employability skills and work toward a career pathway as part of their graduation plans. All students start their FEHS journeys with a Discovery Experience during Discovery Lab where they explore interests and aptitudes to assist them in identifying a career pathway and a process for receiving certification in a career program simultaneously as they work towards earning their diplomas. Career readiness class is taught as part of the school's academic program to help students earn their high school diploma and learn career skills that will improve their chances of obtaining and maintaining future employment.

The FEHS education model supports a career-focused core curriculum. For example, a student who is pursuing a career in the medical field can solve Algebra I story problems about slope related to the rate of flow of the fluids in an IV bag to ensure delivery of the correct dosage of the medicine to the patient. Another student in the same class who is pursuing a career in construction can answer a slope problem involving the time it takes for concrete to cure in the foundation of a home depending on the average outside temperature. Students in classes that are tailored to their specific careers are more engaged in the learning process because they can see direct correlations of current learning to their career. This process supports the ongoing discussions of how any given course contributes to future college and career readiness. The school's goal is to ensure that students are not just being prepared and earning credits for graduation, but they are focused on their plan for their futures after high school. This focus will provide students motivation to come to school, stay in school, and work hard while in school, finishing credits and graduating faster, and ending more prepared for college and/or the workforce after graduation.

Research-based Models

FEHS desires for students to earn a high school diploma and not a GED. The proven instructional model will offer the resources that enable students to take advantage of varied career and academic options. The instructional model is based on the early research performed by the McRel Institute with supporting efforts from Dr. Robert Marzano's research lab and best practice/ research data from the Chugach School District. At the core of the FEHS approach is a deep commitment to students—that every student will learn, that every student can meet high standards and that every student can succeed in life. This learner-centered approach, driven by moral purpose and a system that unleashes students' potential, gives every student, in any community, the best opportunity for success in life. As a result:

- Students become leaders of their learning process.
- Teachers become facilitators and partners.
- The pathway from level to level—and ultimately graduation—is transparent to everyone.
- In a traditional system, time is the constant and learning is the variable. In the FEHS model, the reverse is true: Learning is the constant and time is the variable. Students move at their own pace, which honors natural developmental differences.

The school's curriculum model is supported by the research of Wiggins and McTighe [18], and the Understanding by Design backward design process. The staff works backward beginning with what they expect the students to know and be able to do at the end of the unit or lesson. Webb's Depth of Knowledge[19] is also used as part of unpacking the standards for curriculum maps, lessons, and computer-delivered curriculum elements. Since a large portion of the content is delivered through the computer, the school uses the Elements of Quality Design from iNACOL's National Standards for Quality Online Programs to develop or evaluate the online course components.

Data has shown that the career-based programming is an effective method to keep students engaged who have the potential for dropping out of school. Research has also shown that "CTE can motivate students to attend school more frequently and be more engaged, and therefore improve core academic skills."[20] Currently, the lack of technical training opportunities and options available for high school students is a recognized deficiency in schools across the country. For too many years, there has been a negative stigma on studies focused on trade vocations. Additionally, for decades, the emphasis has been placed on attending college from high school and ignoring the trades. However, the trend is beginning to change as seen in September 2017 when Maryland's largest school system, Montgomery County, was requested to focus on the more career-oriented educational pathway by a major education consulting group, Education Strategy Group.[21]

Community Engagement. Describe your approach to community engagement when opening a school. Describe any outreach you have conducted – and the relationships you have established – to engage students, parents, and the community for the school(s) proposed in this application. If possible, provide evidence of support among parents, students, teachers, or any combination thereof. Describe the plan for future community engagement including any community meetings, parent/teacher/student input, surveys of prospective stakeholders, etc. you plan to conduct.

To successfully open Fusion Ed High School (FEHS), the vision of the organization must be communicated to all invested parties. The support of community stakeholders is critical. A marketing strategy is planned to create relationships with key stakeholders in Indianapolis. A community engagement campaign is well underway to connect to organizations that will support and advocate for a career and technical focused high school and will help us solicit parental support and attract high-quality minority staff. The FEHS Board, the Founders of Fusion Ed and the Director of Government Relations and Strategic Partnerships (the "Founding Team"), are meeting with leaders at educational agencies, organizations, foundations, and companies. Meetings with key organizations and institutions will assist the school in achieving diverse staff and community partnerships that consist of a high proportion of racial/ethnic minorities.

[18] Wiggins, G., & McTighe, J. (2011). The Understanding by Design guide to creating high-quality units. Alexandria, VA: ASCD.
[19] https://www.edutopia.org/blog/webbs-depth-knowledge-increase-rigor-gerald-aungst
[20] https://www.brookings.edu/research/what-we-know-about-career-and-technical-education-in-high-school/ (accessed 15 August, 2018)
[21] https://www.washingtonpost.com/local/education/report-urges-major-changes-in-career-education-at-maryland-school-system/2017/09/12/61d269c2-9747-11e7-b569-3360011663b4_story.html?utm_term=.e0dec054c607

Meetings with the following community organizations are to be held over the coming months: 1) Indianapolis Metro Chamber of Commerce, 2) United Way, 3) Mind Trust, 4) Teach for America, and 5) Indianapolis Urban League. Local experts are contracted or in discussions for services including Bose McKinney & Evans, a legal firm with a specialty in real estate and finance law; Bookkeeping Plus, an experienced charter school accounting firm; IFF, a real estate consultant and developer that offers financing opportunities, and CB Richard Ellis, a national real estate company with local Indianapolis real estate expertise. Partnerships will be investigated with the following organizations and others in Table 1: Indianapolis Organizations.

Table 1: Indianapolis Organizations

Indianapolis Public Library	Boys and Girls Club	Girls, Inc.	Mental/Behavior Health Facilities
YWCA/YMCA	National Black MBA	Trusted Mentors	Big Brothers/Big Sisters
100 Black Men of Indianapolis	Starfish	Jaycee Indianapolis	My Brother's Keeper

Additionally, the following career technical education partners will provide the career based instructional curriculum as well as hands-on experience that will lead to industry-recognized credentials and post-school employment. Companies include DevMountain, ProTrain, RightSkill, CDASTARS, and YouthBuild. Details are on each company are provided herein.

The Founding Team is working to connect with other community development centers, companies, and local individuals interested in collaborating to provide an excellent educational opportunity for the local students within their community. FEHS is interested in partnering with like-minded organizations that have the drive to advocate and empower their community members, their families, and their students through access to quality educational programs and services. Additional discussions with potential board members and local organizations will continue to position FEHS to assist Indianapolis' east side better underserved, at-risk students. These meetings and additional outreach efforts will continue to engage community stakeholders, solicit parental support, and pursue organizations that can offer wrap-around services.

Informational sessions, open houses, parent orientations, and other functions will be scheduled to give the community the opportunity to learn about FEHS. Open houses will serve to inform stakeholders about the educational model and career and technical opportunities that FEHS will bring to the community and its students. Founding Team members will attend neighborhood meetings to assess the interest level of parents. A petition/survey will be created and distributed to parents throughout the neighborhood who have an interest in enrolling their students in the school. See **Attachment 7_ Community Outreach and Marketing Schedule** for community support attachments including Letters of Support from Fall Creek Counseling and Bookkeeping Plus, Community Partnerships Template, Community Outreach and Marketing Schedule, Career Technical Education Partners, and sample marketing collateral.

Leadership and Governance. For any school intending to open for the 2019-2020 school year, identify the school's proposed Leadership Team and governing board. (Add lines to this table as needed.)

Table 2: Fusion Ed High School Leadership Team and Board

Full Name	Current Job Title and Employer	Position with Proposed School/School Name
Jerrell Wiggins	Patrol Officer, Lebanon Police Dept.	Board Chair / FEHS

Trent Williams	Assistant Professor, IU	Board Vice-Chair / FEHS
Mary Douglass	CEO, Infinity Financial Group, Inc.	Board Treasurer / FEHS
Tamela Ingram-Hamer	Founder, Mothers of Strength	Board Secretary / FEHS
Yvonne Adkins	Governmental Relations & Strategic Partnerships, Adkins & Company	Governance & Compliance Consultant, FEHS
Jim Blair	CEO, Fusion Ed	CMO, FEHS
Bryce Johnston	COO, Fusion Ed	CMO, FEHS
Mary Ann Schneider, PhD	CAO, Superintendent, Fusion Ed	CMO, FEHS
Robert Fox	Director of Operations, Fusion Ed	CMO, FEHS
Stacey Murphy	Director of Curriculum & Instruction, Fusion Ed	CMO, FEHS
Karen Luehrman	Director of Assessment & Accountability, Fusion Ed	CMO, FEHS
Denise Otteni-Jones	Director of Special Education, Fusion Ed	CMO, FEHS
David Genet	Director of Finance, Fusion Ed	CMO, FEHS

Provide, as **Attachment 1**, full resumes (including contact information) and professional biographies for the individuals named.

See **Attachment 1_Governance_Leadership_Resumes_Job Descriptions.**

Age and Grade Range of Students to be Enrolled.

Complete the following table for each school to open in 2019-20. You may duplicate the table as needed. Remove any rows for grades the school will not serve as needed in each table.

Table 3: Enrollment

Grade Level	Number of Students					
	Year 1 2019-20	Year 2	Year 3	Year 4	Year 5	At Capacity 2023-24
9	45	50	50	50	50	50
10	30	40	45	50	50	50
11	30	40	45	50	50	50
12	25	30	35	40	50	50

Describe the rationale for the number of students and grade levels served in year one and the basis for the growth plan illustrated above.

Fusion Ed High School (FEHS) will be a grade 9-12 dropout prevention, dropout recovery career technical high school that focuses on providing high quality academic and career opportunities to at-risk students. Research indicates that this population thrives in a setting where there is individualized attention and access to teachers with direct instruction as needed. The population served by FEHS has oftentimes been failed by the traditional systems. These students feel a sense of isolation, as they do not fit into a regimented education model, do not learn well in a traditional setting, are often viewed as just a number, and feel as if their unique concerns and challenges are unheard. FEHS is putting into place an education program that will not replicate this failed system. There are other education options in Indianapolis, and different programs meet different student needs; however, there remains a lack of alternative high-quality, high school seats for at-risk students. FEHS understands this target demographic and knows how to serve at-risk students best so that they will become involved in learning, stay engaged and complete the program successfully. The Discovery Lab and individualized career plan are both key features of the FEHS

program that help staff engage with students quickly upon enrollment. FEHS will begin with a smaller enrollment of 130 students in year one and grow as the demand increases. However, the school will not grow beyond the capacity of 200, as students need to receive daily individualized attention. FEHS will only consider opening a second campus if there is community demand.

Section 1: Curriculum and Instructional Methods

Education Program

Describe the design and plan for each school for which you are applying, responding to all of the questions in the subsections below. If you are applying for multiple schools designed around the same model, simply state so.

Program Overview

Summarize the education program, including primary instructional methods and assessment strategies, and any non-negotiable elements of the school model(s). Briefly describe the evidence that promises success for this program with the anticipated student population.

Fusion Ed High School (FEHS) will offer a drop out recovery and prevention education model for grades 9-12 with a diploma and career technical education component. FEHS will provide a program where students will graduate with the Indiana Core 40 Diploma and the General Diploma along with at least one industry-recognized credential (IRC). Courses are offered in English Language Arts, Mathematics, Science, Social Studies, General Career Electives, Pathway Career Electives, and additional Electives.

The rigorous program offered by the school includes a traditional academic pathway that incorporates career/college readiness pathways. Including dual credits that align the workforce readiness standards with that of the Core 40 assures that each student graduates ready for college or postsecondary opportunities. The full graduation requirements can be found at the link https://www.in.gov/sboe/files/Current_Diploma_Requirements_(General_and_Core_40).pdf.

FEHS builds its program around the needs of students' who have dropped out of school or who are at risk of dropping out. The school's mission and structure create an engaging process upon enrollment. All students meet with a Student Pathway Advisor and participate in the Discovery Experience called Discovery Lab. The Discovery Lab occurs before the student engages in academic work, and the student receives counseling about their career interest/college interest, interest inventory, learning style inventory, home life, and other more holistic approaches to determine the student's story.

Based on the variety of student needs, the students participate in guided learning where they receive a large portion of their instruction through the online learning management system from Apex Learning curriculum. All resources are aligned to the Indiana Academic Standards through curriculum mapping and highly qualified teacher lesson planning. When standards are not met through the content in Apex Learning, teachers deliver lessons through the vetted supplemental curriculum to student groups to ensure all standards are taught. Students also receive instruction in small groups and as individuals on an as-needed basis as Tier II intervention in the Response to Intervention (RtI) model discussed later herein. Students are identified for this type of instruction through daily observation by the teacher, such as live in-class interaction and from data available through Apex Learning and other formative curriculum-based assessments.

Apex Learning is the main resource for teaching the Standards and provides a pacing guide for

each student. A curriculum map provides a guide to ensure instruction covers the standards and meets the needs of ALL learners. A curriculum map documents the relationship between every component of the curriculum and allows teachers to check for gaps and redundancies. **Apex Curriculum Map Sample** included in **Attachment 2** provides evidence of the curriculum alignment to state standards. All courses will have a deep alignment, and all gaps in standards will be filled to ensure full alignment to all of Indiana's Academic Standards. When students do not demonstrate mastery on Apex and other additional curricular assessments, teachers are expected to fill individual learning gaps on a daily basis as they personalize instruction.

The major difference between curriculum maps (scope) and pacing guides (sequence) is that curriculum maps are for implemented instruction—of what will be taught during the current school year. Pacing guides project what pace (how long on a concept) and when and how instruction will be adjusted. A pacing guide is an itinerary for teaching. The curriculum map also includes assessment, which a scope and sequence typically do not. With a collaborative team and the supporting curriculum map documentation, a teacher can decide what is to be taught and when it will be taught. While the lessons and teaching style can be different, the standards, assessments and basic content are taught together. With the pacing guide, a teacher-based team (TBT) can examine data and make decisions to increase student learning.

Development Process

FEHS commits to following the Indiana Academic Standards as the primary element for all curriculum elements and decisions. The highly qualified teachers (HQTs) use the standards as their basis for instruction and providing intervention for students. As highly qualified individuals, teachers, choose supplemental (additional) resources to teach the individual or small groups of students as needed. The process for curriculum enhancement and alignment to the state standards includes regular content area collaboration team meetings among an academic team of teachers (also known as subject matter experts), The Director of Curriculum & Instruction, the Director of Assessment and Accountability, and the Superintendent.

Teachers can also be referred to as Subject Matter Experts (SMEs) in the field of teaching according to their licensure. Therefore, they are included in the process of evaluating new supplemental curriculum resources to use in the classroom. The SMEs will be assigned to review courses according to their specialized subject matter area by following the curriculum and instructional design rubrics and guidelines. SMEs can also assist in developing curriculum and recommending changes for the upcoming year. All recommendations and changes go through an extensive process with the academic team leading to ensure data-driven decisions are made, content is aligned to Indiana Academic Standards, and research-based instructional strategies are used.

The curriculum maps will drive the development process and include suggested pacing to allow students to accelerate through courses in a credit recovery manner. Students start and complete courses year-round; therefore, the school is not following a full course pacing process by semester or academic year. The curriculum maps will also include unit topics, standards alignment, prior knowledge needed, and assessment types required (including depths of knowledge required by the standards), as well as locations according to the specific unit. Unit details will contain a summary, learning objectives, and essential questions for the unit. Course-level information will include course objectives, a course description, and a summary with feedback prepared by the SMEs. The academic team meetings are organized to develop strategies for the following initiatives:

- Alignment of Apex curriculum to the Indiana Academic Standards (IAS)
- Training teachers on state testing and changes made to the curriculum based on IAS and gap analysis

- Development of test preparation guidelines and teacher enrichment strategies
- Development of Student Learning Objectives (SLOs) for each subject area
- Analysis of student data to drive decision making (EOC strand breakdown analysis tool, Apex course assessments, student surveys, historical state test results, course history data, NWEA MAP data)

The SMEs also review courses for research-based elements of instructional design and technology standards. The rubric form evaluates each course in 11 areas, which include, but are not limited to representation, expression, engagement, learning process, variety, end-of-course assessment, varied media, accessibility, navigation, and support. SMEs indicate whether the course content 'meets,' 'partially meets,' or 'does not meet' the criteria. Subsequently, the SMEs require revising the course until all 11 criteria are met.

The school understands that it is highly unlikely for any vendor-created curriculum to meet 100% of the IAS when a full-length course is purchased or licensed for delivery by the school as part of the curriculum. Thus, the mapping process above will be completed during full evaluation of each course and before implementation with students.

Lesson Plans

Students will use a variety of ways to learn the content dependent on the age, grade, and need of each student. The school will use best practices in classroom instruction and student assessment to guide their lesson planning and iNACOL standards to inform their lesson design.

The school lesson plan template follows the previously described curriculum model. All lesson plans will have the following components to ensure teachers are teaching to the standards and assessing students for their knowledge and competency in the standards. These are the minimum components teachers must have in their plans with the ability to add more as desired or needed, depending on the individual situation for which the lesson is designed. These are research-based components that are recommended in all standard lesson plan templates, even if the terminology is not the same; for example, ASCD (Association for Supervision and Curriculum Development) has this document with generally accepted lesson plan components:

http://www.ascd.org/publications/books/109051/chapters/Lesson-Plans-and-Unit-Plans@-The-Basis-for-Instruction.aspx

LSHS Lesson Plan Components include - 1) Academic Standards, 2) Lesson Objectives, 3) Tools of Instruction, 4) Prior Knowledge, 5) Vocabulary, 6) Planned Agenda/Timing/Activities to include anticipatory set, whole group, flexible grouping, independent practice, differentiation, and closure, 7) Formative Assessment(s), and 8) Connections to Summative Assessments.

Teachers are expected to design lessons plans for their teaching. Principals monitor lesson plans and provide feedback to the teachers. Lesson plans are designed for flexible groups based on student readiness. They are used to fill gaps from the computer-assisted instruction and fill learning gaps of students. The school's instructional methods allow for flexible grouping, whole group instruction, and individual instruction. Curriculum-based measurements allow teachers to move students according to their learning readiness level. Teachers work with Intervention Specialists to modify lessons or assessments to meet the intended goal as outlined in the Individual Education Plan (IEP). For ELL students, teachers and PSI (a Special Education vendor who also provides services for ELL students), use the information from their language assessment and curriculum such as WIDA to help determine learning outcomes that match ability levels.

Assessment Plan

Formative and Summative will inform the student, parent, and teacher of the current learning trend. This information is intended to drive student learning and instruction. The school instructional team analyzes formative assessment data to make instructional decisions for all students. These assessments also assist the Leadership Team in deciding on curricular needs and necessary Professional Development. The school will utilize the state assessment data collected and disseminate results to appropriate faculty to understand all students' strengths and weaknesses.

Nationally Normed Assessment: NWEA-MAP. FEHS will use NWEA-MAP, a nationally accepted, evidence-based assessment that is aligned to Common Core and delivered online. This assessment will provide teachers with a tool to individualize instruction and differentiation. Teachers will be trained to use the data to individualize instruction, set goals and facilitate parent involvement.

ISTEP+10. The assessments are administered in two parts online (paper assessments are offered as an accommodation). Part 1 consists of Applied Skills (open-ended) items and Part 2 includes multiple-choice and technology-enhanced items. Both Part 1 and Part 2 are required components of the ISTEP+ program and are used to measure student mastery of the Indiana Academic Standards. To prepare for the test, the testing coordinator works with IT to make sure all configurations are in place in plenty of time before test dates to troubleshoot any problems. After each scoring period, the school gathers the data to analyze and make curricular decisions, equitable staffing decisions, and instructional decisions. The school decides if the current alignments to the EOC blueprints match well, or if the school needs to make changes in the instructional pacing and delivery. Results are shared with stakeholders to determine trends or if further action is needed to assist students to reach proficiency.

College Entrance Readiness (ACT, SAT). The ACT and SAT are the state-chosen tests to determine college readiness.

Workkeys. The WorkKeys assessment is the chosen workforce readiness assessment in the State of Indiana. Once students are nearing the end of the pathway, they may take the test on-demand. As part of the career programming, the school aligns the traditional pathway to the WorkKeys assessment to increase the students' capacity to do well on the test. This assessment is used by many industries to choose employees who are prepared to perform at a post-graduate expectancy and are capable of learning at the post-graduate rate.

The school will continuously analyze data. Assessment results are critically analyzed by the student's teacher to determine academic needs. The results of this data will result in the development of a student learning path. Parents, students, and staff will acknowledge the learning plan and identify goal setting opportunities of which will be monitored and addressed per student academic need. This information will be vital to the school leadership as they develop Professional Development plans, make programmatic changes, and plan for school growth.

Level of Proficiency

Ongoing assessment and evaluation occur as part of the regular instructional program. All curricula being implemented have assessment provisions embedded as part of their coursework. These on-going assessments will inform instruction, student learning, and the success of the academic program. Baseline data in the form of quizzes, anticipatory sets and other types of pre-assessments to determine prior knowledge will be introduced as a means to collect formative data that will give the teacher awareness of the achievement gaps in the classroom before beginning any course or lesson. All assessments will ensure teachers have the necessary data to determine student growth toward proficiency.

Curriculum and Instructional Design

Propose a framework for instructional design that both reflects the needs of the anticipated population and ensures all students will meet or exceed the expectations of the Indiana Academic Standards (described in IC § 20-31-3) and the Common Core State Standards (available at http://www.doe.in.gov/achievement/curriculum/resources-implementing-common-core-state-standards).

1. Describe the basic learning environment (e.g., classroom-based, independent study), including class size and structure for all divisions (elementary, middle, high school) to be served.

Fusion Ed High School (FEHS) will align the curriculum to the Indiana Academic Standards. Since the standards for learning are updated regularly, the link below offers the most updated version of the standards in each content area.

Indiana Academic Standards for grades 9-12: https://www.doe.in.gov/standards

Basic Learning Environment
The classroom schedule of a teacher and students varies greatly from day-to-day. As a dropout recovery and prevention school, the students have a wide variety of needs. Attendance, student academic backgrounds, and graduation requirements for each student are not consistent. Therefore, the staff prepares for a variety of scenarios and adapts to the individuals based upon needs each day; however, the Indiana Academic Standards and student progress data is always utilized as the basis for instruction.

Classroom Structure

Fig. 1 Instructional Model Components

Each classroom offers differentiated learning based on student needs that allow students to meet or exceed state standards in route to closing achievement gaps and fulfilling the school's mission and goals. The classroom structure utilizes various instructional strategies in stations that include teacher-led or student-directed learning. There are three major divisions in the classroom of which centers are developed. As depicted in Figure 1: Instructional Model Components, they include small group instruction, self-directed learning, and peer/group (collaborative learning). Highly qualified teachers will be delivering engaging lessons at various stations. There can be several stations in a classroom with a qualified teacher and Intervention Specialist.

Collaborative Learning. Collaborative learning will be used as an instructional strategy at FEHS. Collaborative learning refers to "social negotiation process in which students engage [to gain] deeper understanding or social construction of knowledge."[22] Collaborative learning also relates to small-group learning, which allows students to collaborate as a group on the common tasks.[23] According to the Center for Teaching Innovation at Cornell University, collaborative activities are

[22] Lee, K., Tsai, P., Chai, C. S., & Koh, J. L. (2014). Students' perceptions of self-directed learning and collaborative learning with and without technology. Journal of Computer Assisted Learning, 30(5), 425-437. (p426)
[23] Cooperative Learning: Teaching Strategy (Grades K-12). (2007, February 08). https://www.teachervision.com/professional-development/cooperative-learning (accessed 15 August 2018)

often based on four principles:

- The student is the primary focus of instruction;
- Interaction and "doing" are of primary importance;
- Working in groups is an [essential] mode of learning;
- Structured approaches to developing solutions to real-world problems should [integrate] into learning. [24]

Peer Learning. Peer learning is also considered as a type of the collaborative learning approach that allows students to learn with one another to achieve academic goals. Teachers will help by scaffolding students either working in pairs or small groups to solve problems or discuss concepts. Scaffolding students' learning by breaking up the unit lessons into smaller manageable pieces can promote learning flexibility while increasing interaction between student-to-student and student-to-teacher.

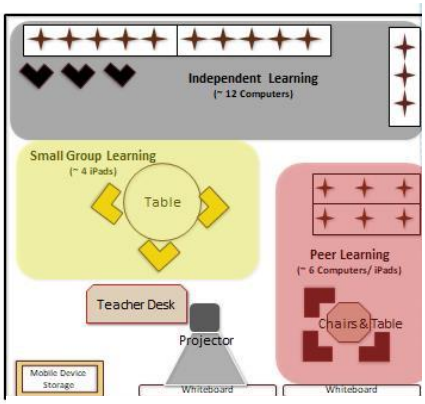

Figure 2 Classroom Structure Model

A sample design of the classroom is depicted here in Figure 2: Classroom Structure Model. The number of stations can increase depending upon whether additional reading support or Special Education sessions are being taught. The classroom supports self-directed, collaborative, direct teaching and a group approach to learning. There may be students working collaboratively within a group, students working independently on computers, the teachers working with a small guided reading or math group, or students engaged in an on the board competitions group. Teachers will conduct face-to-face (e.g., onsite, in-person, teacher-to-student) delivery to supplement the computer-assisted instruction. Teachers will design lessons that meet each student's learning needs. Teachers develop lesson plans based on these needs and the number of students with those matching needs. The teachers also are ready to help students with their struggling areas on any topic across 6 to 8 courses in the teacher's subject area during independent work time to ensure students can continue to move forward in their computer-assisted instruction.

Classroom Instruction. Classroom instruction is provided in a setting that is customized to the specific needs of the student. Classrooms are separated by content area. Instructional delivery will take place in an English Lab, Math Lab, Science Lab and Social Studies Lab There will be at least one Highly Qualified Teacher (HQT) in each lab that holds a Department of Education license in the appropriate content area that they will teach. The students meet with the teacher to review their transcripts and assign appropriate next courses. Students are given a unique login for the Apex Learning platform and then participate in an Apex orientation to learn how to navigate the program.

Students will have an individual workspace in the lab with a desktop computer. Students will log onto the Apex platform and begin their assigned course, with Apex Learning on the computer screen under the supervision of a licensed teacher. In a lab, there is a combination of self-directed learning, small group instruction and 1:1 instruction between a teacher and the student described above going on at all times. Students will be learning and continue through the courses at their own pace. However teachers set daily goals to ensure students' progress at a pace that will progress

[24] Collaborative Learning: Group Work. (2012). https://www.cte.cornell.edu/teaching-ideas/engaging-students/collaborative-learning.html. Center for Teaching Innovation - Cornell University (Accessed 15 August 18)

them towards a timely graduation. Since Apex is a mastery-based program, students cannot progress throughout the program unless they master the unit, which requires a passage rate of 60% on all graded assignments. Until students score at least 60%, they are not allowed to progress. They are 'locked out' and, at this point teacher, intervention is required. At the point of intervention, teachers will intervene in the most appropriate way based on student need. Direct Instruction and Guided Inquiry are the two strategies that are mostly used in a classroom. Guided Inquiry is observed through conversations between students and teachers with the objective to promote learning through student investigation.

Direct Instruction is observed typically in a 1:1 setting, teacher: student. The teacher works with the student on a concept or skill, monitors for student understanding and provides feedback to promote learning. Once a teacher determines that the student has the required understanding, they will 'unlock' their assignment and allow the student to reattempt. The computer scored assignments and assessments are all multiple choice or fill in the blank; however, the student also has several teacher-scored activities throughout each course. These are in the form of Activities, Practices, Labs, Journals and other writing activities. The student prints out the assignment and completes it either individually, with teacher assistance, or at times with another student if they are at the same point in the course. These are then turned in and graded by the teacher with appropriate feedback provided either in writing or through a discussion. There are times in a course that a teacher may prohibit progress in a course to assign an enrichment project or alternative assignment based upon identified gaps in the curriculum. Again, these are either completed individually or in small groups. After a student completes all activities in a course based on course syllabi, and all assignments are graded, the teacher will submit a final grade and sign off on course completion to award credit. The student will then be assigned another course.

2. Provide an overview of the planned curriculum, including, as **Attachment 2**, a sample course scope and sequence for one subject for each division the operator would serve. Identify course outcomes and demonstrate alignment with the Indiana Academic Standards and Common Core State Standards.

See **Attachment 2: Scope and Sequence_Curriculum Map** that includes a scope and sequence for Algebra 1. The school employs Apex Learning as the standards- based curriculum enhanced with teacher-created lessons. According to the US Department of Education, Standards-based education is a process for planning, delivering, monitoring and improving academic programs in which clearly defined academic content standards provide the basis for content in instruction and assessment. Standards help ensure students learn what is important, rather than allowing textbooks to dictate classroom practice. Student learning is the focus-aiming for a high and deep level of student understanding that goes beyond traditional textbook-based instruction. A standards-based system is as follows:

- Measures its success based on student learning (the achievement of standards) rather than compliance with rules and regulations
- Aligns policies, initiatives, curriculum, instruction, and assessments with clearly defined academic standards
- Consistently communicates and uses standards to focus on ways to ensure success for all students
- Uses assessment to inform instruction

Standards-based systems increase student achievement. Students perform better in a standards-based environment because all students are moving towards a common goal. Teachers know

what the standards are and choose classroom activities and teaching strategies that enable students to demonstrate mastery of the standards. Administrators are leaders of academic programming and outline appropriate Professional Development, resources and materials to ensure that students can master the prescribed standards.

Curriculum

FEHS will prepare students to graduate with the Indiana Core 40 Diploma and the General Diploma, supporting students in both diplomas with a foundation in career skills and experiences. Students will choose from these courses as the offerings will be adjusted each year as needed to improve the academic program and comply with all state requirements. All courses are available to all students in grades 9-12. Prerequisites may apply. All classes and curriculum are aligned to the Indiana Academic Standards. See Table 4: Core 40.

Table 4: Indiana Core 40

English Language Arts https://www.doe.in.gov/standards/englishlanguage-arts		**Mathematics** https://www.doe.in.gov/standards/mathematics
English 9, 10, 11, 12 Creative Writing Reading Skills & Strategies Writing Skills & Strategies Media Literacy		Algebra I Geometry Algebra II Precalculus Probability & Statistics Mathematics of Personal Finance Applications of Mathematics
Science https://www.doe.in.gov/standards/science-computer-science		**Social Studies** https://www.doe.in.gov/standards/social-studies
Biology Chemistry Environmental Science Physical Science Physics Anatomy & Physiology		U.S. History U.S. Government Psychology Modern World History Sociology Multicultural Studies Geography & World Cultures
General Career Electives		**Pathway Career Electives** https://www.doe.in.gov/standards/business-marketing-information-technology-entrepreneurship https://www.doe.in.gov/standards/cte-health-science https://www.doe.in.gov/standards/cte-trade-and-industry-ti
Employability Skills Career Discovery Career Readiness College & Career Prep I & II		Intro to Business & Technology Business Applications Legal Environment of Business Accounting I Principles of Information Technology Principles of Human Resources Principles of Business, Marketing, and Finance Health Science I & II Information Technology Applications
Electives		
Independent Living Art History/Appreciation Music Appreciation		

Spanish I, II, III French I, II Health CPR/First Aid Cert & AED Economics & Financial Literacy Physical Education		Computer Applications Fund. Anat & Phys-Phleb Cert Clinical Lab Techniques-Phleb Cert Patient Centered Care-Phleb Cert Internship-Phlebotomy Cert Internship-CET/EKG Cert Fund. Anat & Phys-PCT Cert Medical Terminology 1-PCT Cert Patient Centered Care & Diagnostics-PCT Cert Principles of Allied Health-PCT Cert HlthSci Capstone - PCT Cert/Internship Anatomy & Physiology Work Experience & Internships

The curriculum chosen to teach the Indiana Academic Standards (IAS) is Apex Learning. Apex Learning is used as a key resource for non-CTE courses and for some CTE courses at the introductory and application level. Apex Learning is a researched based and proven digital curriculum that aligns with IAS, assessments, and differentiated strategies. Because the curriculum is aligned with IAS, it addresses the question of what students should know and be able to do. Lessons were created to emphasize skills like critical thinking and problem solving, which are key concepts to the IAS. Apex Learning will be utilized for all core courses at FEHS including math, science, social studies, and English. Per the Indiana Department of Education, the written curriculum courses, which align to Indiana Academic standards, utilize the Apex curriculum resource and gives guidance to educators as they teach with the standards and create supplemental aligned assessments.

Additionally, Apex Learning Tutorials can be utilized. These Tutorials are state-specific standards-based instruction and offer adaptive remediation for students who struggle with grade-level content due to learning gaps. Tutorials provide focused instruction and identify and remediates gaps in prerequisite skills down to elementary-level content—from fractions and basic operations to text structures and word roots. The Tutorials offer direct instruction to engage students in active learning. They include practice and applications that develop skills and knowledge, use high-impact videos that summarize and reinforce concepts, and offer randomized assessments that measure student learning. Tutorials are available in Math, English, Social Studies, Science, and College Readiness (ACT). Tutorials are designed specifically for the Indiana Academic Standards to prepare students for success in high school courses and assessments. A link to Indiana Tutorials is at: https://www.apexlearning.com/tutorial/98 and http://cdn.apexlearning.com/al/indiana-tutorials.pdf. See **Apex Indiana Tutorials** included along with **Attachment 2**.

Career-based Learning

FHS will provide a curriculum that introduces students and staff to career clusters, pathways, and industry-recognized certifications. Past research from similar community schools has shown that earning credentials are a powerful motivator for high-need students; in that, students who were admitted into the certificate-earning programs/courses demonstrated significant jumps in school attendance. The attendance improvement often was as much as a 30-percentage point increase compared to the aggregate school baseline and double-digit gains over the participating students' individual attendance from the term before participating in the program/courses.

There is a direct linkage between hands-on and engaging career-focused curriculum and increased attendance rates among students. Increased attendance serves as one additional benefit of providing a career-based curriculum of at least one IRC or more. Effectively increasing the focus of

the school to partner academics with job training now termed "career pathways" that result in graduation, in-demand industry certifications, and proven employability will serve as a motivator for students and families.

FEHS understands students do not always know their career or pathways choice initially. The pathways are grouped into a career program with three career tracks: 1) Health and Public Service; 2) Automation, Manufacturing, and Engineering; and 3) Business, Art, and Communication. Due to FEHS's extensive partnerships with companies that provide CTE training, the school will be able to provide a host of courses. Initially, FEHS will offer IRCs in Pharmacy Technician along with Education & Early Childhood in the Health and Public Service track. Within the Automation, Manufacturing, and Engineering track, the school will offer PC Networking & Support and Information Technology Support courses. Courses within the Business, Art, and Communication track will include Web and Digital Communications and Visual Arts. The full spectrum of certifications and career clusters are listed below in Table 5: CTE_Pathways. These tracks enable the school to be responsive to both student interests as well as community and stakeholder demand. As FEHS offers additional IRCs, the school will appropriately address the students' educational needs with enhanced access to diverse career fields. Also, the proposed plan will enable the students to have the requisite career-focused hands-on experiences and exposure to demonstrate competency that results in receiving the high school credits and the capacity to attempt/pass the End of Course (EOC) assessments.

Table 5: CTE Pathways

Health + Public Service	Automation, Manufacturing + Engineering	Business, Art + Communication
Health Care Specialties Education & Early Childhood	PC Networking & Support Information Technology Support Construction Trades Logistics & Supply Chain Management	Web and Digital Communications Visual Arts
Industry Recognized Certifications Child Development Associate NHA Phlebotomy Technician NHA Patient Care Tech Pharmacy Technician	**Industry Recognized Certifications** NCCER IC3 Adobe Certified Associate/Expert Microsoft Office Specialist CompTIA IT Fundamentals/A+	**Industry Recognized Certifications** ServSafe* Business and Marketing Adobe Certified Associate/Expert** Microsoft Office Specialist**
IDOE Career Clusters in this track: Health Science Education & Training Public Safety	**IDOE Career Clusters in this track:** Information Technology Architecture & Construction Agriculture Manufacturing Transportation STEM	**IDOE Career Clusters in this track:** Business & Marketing Hospitality & Human Services Arts, AV Technology & Communication *ServSafe is not currently on the IDOE IRC list **Certifications are under the IT Pathways; these are beneficial here, too

As a result of the Career Technical Education components, the school will have an integrated curriculum that aligns with the Indiana Academic Standards and denotes career/workforce preparedness. This career pathway development plan, coupled with locally provided wraparound supports and resources, will increase student opportunities for employability, earning a living wage, and their ability as well as self-efficacy to pursue two- or four-year postsecondary education/training upon high school graduation, depending on their individual career plans (ICP) and personal life goals. Ideally, after graduation, the students will have the capacity to leverage the earned certifications or IRCs to secure living-wage employment within in-demand career fields and use the employment to assist with the costs, if any, of further education/training.

Career Technical Education Partners. Key to the implementation of a successful CTE program is FEHS partners that provide curriculum as well as hands-on experiential training.

DevMountain. DevMountain is an industry-leading coding school will offer courses in Web and Digital Communications and Visual Arts. They offer full-time or part-time coding boot camps. In addition to being utilized as a provider of web courses, the company also offers information technology courses that will allow FEHS to utilize them to expand CTE offerings in the future conveniently. One or more FEHS staff members will be trained to teach the coding course, including web design. DevMountain's curriculum will be used to teach students.

ProTrain. ProTrain provides classroom or online Education 2 Employment courses. FEHS will utilize ProTrain for Pharmacy Technician, Information Technology, and PC Networking and Support courses. However, FEHS will consider utilizing ProTrain to expand its CTE offerings due to the organization's depth and breadth of educational classes including 44 courses in Healthcare and Allied Health, 38 courses in Education and Personal Development, 24 courses in Industry and Skilled Trades, 20 courses in Multimedia and Graphic Design, and 88 courses in Technology and Computer Programs.

RightSkill. RightSkill is a collaboration between CareerBuilder and Capella Learning Solutions that uses real-time labor data and competency-based education to design RightSkill learning experiences directly aligned to bridge talent gaps. FEHS may utilize RightSkills for its Customer Service and Technical Support initial training courses.

Cdastars. FEHS will utilize CDASTARS to provide online curriculum for the Education & Early Childhood course. When students sign up for this online program, they take the 120 hours of coursework and they complete on-site work experience for 480 hours. Once a student signs up for this pathway, they can start the online class, and FEHS works to establish the partners with local childcare programs for the internship hours needed to apply for CDA license.

YouthBuild. YouthBuild programs train young people to learn construction skills by building affordable housing for homeless and low-income people in their neighborhoods and other community assets such as schools, playgrounds, and community centers. FEHS is currently investigating utilizing YouthBuild to provide training in Construction and Logistics and Supply Chain Management.

3. Summarize curricular choices, by subject, and the rationale for each. Include examples of how these choices align with the mission of the operator, and discuss evidence that these curricula will improve academic results with the anticipated student population. Discuss any substantial variations from the curricula in your established schools and the rationale for those variations.

Curriculum

Apex Learning. The core curriculum Apex Learning, known for a digital curriculum that makes rigorous, standards-based content accessible to all students, has been recognized by the National Dropout Prevention Center (NDPC) for having a curriculum that demonstrates "Strong Evidence of Effectiveness." The NDPC created the Model Programs Database, a searchable database of research-based programs to assist schools and other organizations in reviewing proven programs.

The foundation underlying Apex Learning is the established body of learning research and best practices in teaching. Apex accesses evidence-based work from leading learning theorists to develop a curriculum that incorporates basic and higher levels of learning, builds critical thinking skills, deepens understanding, and engages and motivates students to succeed. The research base that serves as the foundation for the course development is documented in Research Put into Practice: Apex Learning Curriculum and Pedagogy, which can be viewed here: https://www.apexlearning.com/resources/white-papers/201007/research-put-practice-apex-learning-curriculum-pedagogy

Rather than expecting students to learn by passively watching, reading, and listening, Apex Learning students learn by doing. Through multiple activity types, Apex Learning integrates interactive media into every lesson, bringing ideas to life. Students progress through course content by interacting with each concept as they are prompted to observe, inquire, create, connect, and confirm. Instructive feedback is immediately provided as students apply their understanding, creating a continuous interplay with the subject matter that keeps students attentive and motivated. Through ongoing interaction with course content, students can take responsibility for — and ownership of — their individual learning experience. As students experience success, their confidence builds, and achievement increases.

Rigorous and Accessible Content. Apex Learning believes in setting high expectations for all students, and that philosophy is reflected in the rigor as well as the breadth and depth of adherence to standards in Apex courses. Recognizing that students have varying levels of proficiency and preparation for grade-level academic content, Apex Learning strives in its courses to make rigorous content accessible to all students by providing opt-in supports and scaffolds to meet each student at their level of academic readiness and develop their capacities.

Apex Learning aligns with the mission of FEHS by providing a curriculum that aligns to the standards and addresses the academic needs of each that will lead to a diploma. Apex Learning has been proven to “re-engage students who have not historically found success in school, or who cannot attend classes on a traditional academic schedule due to personal circumstances.” One such case study is Alternative Learning Center (ALC), Oceanside Unified School District, California.[25] The digital curriculum was implemented within an independent study program to provide personalized learning plans, flexible scheduling, and University of California Office of the President-approved courses in "a-g" instructional areas. The instruction within the curriculum is embedded with scaffolding, supports, and frequent assessment, all of which enable students to acquire a deeper understanding of the content they may have struggled with in a traditional classroom. The use of digital curriculum reduced planning time and allowed the teachers to take on the role of a learning facilitator. Teachers worked one-to-one with students that provided an added layer of support and engaged them in conversation about their learning. Results showed that during their initial year of implementation, the ALC experienced an 84 percent course pass rate, with 1,885 credits earned

[25] https://www.apexlearning.com/resources/case-studies/help-students-overcome-barriers-college-and-career-readiness (accessed March 7, 2017)

toward graduation. Because of the success at the ALC, Apex Learning Comprehensive Courses was utilized in all three of the district's high schools as part of an accelerated credit recovery program.

At FEHS, students will engage in a majority of their courses online at school in an individually customized, fluid schedule while on-site teachers or paraprofessionals provide support. The courses will often direct students to offline activities. Teachers are the school's most valuable resource for pushing academic excellence. A flexible classroom model allows the teachers to integrate both traditional and digital content to meet the needs of all students based on their academic readiness and learning styles. Opt-in scaffolds and support integrated into the digital curriculum provide continual guidance and immediate feedback to support students at their level of academic readiness. Students learn by performing and utilize video, audio, text, virtual labs, and other digital resources. They explore, apply, practice and extend their learning through real-world examples. Instruction is delivered according to individual needs, abilities, and learning preferences.

Pacing

To provide a personalized learning experience for all learners, Apex Learning incorporates student-centric pacing guides into the learning management system. Course calendars help ensure students stay on track for successful completion of their courses. Due dates are automatically generated based on a specified course start date and duration. The calendar and pacing can be easily modified for a single student or an entire class and can accommodate traditional semesters, trimesters, block schedules, and individualized pacing. Teachers can set due dates in a manner that meets their students' needs and helps them reach their completion goals.

Identifying and Addressing Gaps

Using correlations reports and curriculum information, Apex Learning Implementation Success Managers work with teachers and administrators to identify any key gaps in standards coverage and plan additional lessons based on the students' needs. To assure that the state standards are being covered in the coursework offered, a Standards Gap Analysis will be utilized by FEHS that enables teachers to create additional lessons and assignments to address any learning gaps. The template is utilized to identify gaps and to request approval for additional assignments. The Principal and teacher-based teams meet monthly to discuss standards alignment and curriculum gaps among students. This same team along with teachers then completes the template to demonstrate evidence of standards alignment in the curriculum as well as content that needs to be added. These are added to the course syllabi sheet for all content teachers to use.

Additionally, teachers complete a course dissection worksheet prior to the subject area meetings. The sheets are used to identify gaps, standard connections, and end-of-course test connections, as well as an avenue for suggesting resources to be evaluated and analyzed by peer teachers. Suggested resources can include alternative lab websites, and practice materials for state tests. After the resources and modifications have been approved by the Principal, the information is added to the Course Syllabi**.** The team identifies gaps in Apex Learning and designs supplemental materials/resources. The Apex Learning Digital Catalog along with a list of the courses aligned with Indiana state standards can be found at the following site:
https://www.apexlearning.com/digital-curriculum/courses/catalog

Supplemental Curriculum

Own It! - Supplemental curriculum will consist of Own It!, a 10-unit mini-course that prepares students with the mindset they need to own their learning, and a personal profile to guide their choices. With a series of engaging, research-based questions, students identify their motivations and create a personal guide to learning and career goals. Through interactive video scenarios and personal reflection, students are trained in the grit, determination, and resilience needed to own their learning. The Own it! The profile enables schools to personalize each student's learning.

Evidence-based supplemental resources may also consist of Khan Academy, iCivics, PhET simulations, and ReadWriteThink, ReadSpeaker, Canvas LMS, Jasperactive and OERCommons as described earlier in the application.

Apex Learning Research

The following research indicates that Apex Learning has been proven in addressing the needs of students who will be attending FEHS, including at-risk and those in jeopardy of dropping out.

Increasing Achievement in At-Risk Students. Apex Learning has been utilized successfully in increasing achievement for at-risk students, which defines the demographics for FEHS. In a case study at Auburn School District, WA, Apex Learning's digital curriculum resource was utilized in both blended and virtual learning environments to re-engage students who had dropped out or were at-risk. The result was a 4.5 percentage point increase in graduation rate and a one percentage point decrease in the dropout rate. The study details are available on https://www.apexlearning.com/resources/case-studies/addressing-risk-students-leads-increased-student-achievement

Drop Out Prevention. As a mode for Dropout Prevention programming, a Dallas Independent School District Study demonstrated that students who use Apex Learning Comprehensive Courses in addition to traditional classroom instruction performed better on end-of-semester exams than students in traditional classrooms not using Apex Learning.[26] The average scores on the ACP Algebra II semester exams were the equivalent of more than 22 percentile points greater in the Apex Learning groups versus the comparison group that did not use Apex Learning. Additionally, the average score on the spring exam was equivalent to nine percentile points greater after using Apex Learning Tutorials than the average fall exam, administered before using Tutorials. Details are at:
https://www.apexlearning.com/efficacy-studies/study-impact-apex-learning-digital-curriculum-credit-recovery-students

Drop Out Recovery Success. Apex Learning is designed to address Dropout Recovery programs similar to FEHS. Temecula Valley Unified School District in California utilized Apex Learning as an in "intervention strategy to reach students before they required formal credit recovery" as well as a method to increase student achievement and improve the graduation rate.[27] The results showed that non-graduating seniors earned credits through the summer school online credit recovery program and received diplomas, all summer school students completed and passed at least one online course, and students in summer school credit recovery program doubled in 2010.[28]

[26] https://www.apexlearning.com/efficacy-studies/study-impact-apex-learning-digital-curriculum-credit-recovery-students (accessed August 15, 2018)
[27] https://www.apexlearning.com/resources/case-studies/restoring-rigor-summer-school-online-credit-recovery (accessed August 2 2018)
[28] Ibid

In the white paper by Evans, *Increasing Student Access to Personalized Learning*, from the Apex Learning website, research was conducted that summarized "Moving toward this [Personalized Learning] kind of education is in line with a student, teacher, and parent visions of the future of education."[29] The data from a Speak Up survey as a part of the research reflected that both students and teachers want classrooms that can meet each student where they are at in their achievement, that the educational plan is customized to their learning preferences, and that the pace of delivery is determined by the student. In short, both students and teachers want a personalized education.[30] The research further stated, "With the right combination of technology and digital content, districts can create a reality in which students are engaged and motivated, teachers have the tools and training to personalize learning effectively, and each district can meet evolving expectations for student growth and achievement. Districts will know they have accomplished this task when students believe they are in an environment to personalize their learning and maximize their unique potential."[31]

The dropout recovery and dropout prevention community often struggles with reading, but students tend to resist working on a stand-alone reading product because they do not see the relevance to their graduation requirements, so the best success is found adding reading intervention throughout the curriculum. Teachers also reinforce reading strategies as part of the in-person lessons with students. According to the white paper published by Apex Learning – a research study conducted by Brenner has focused on the "Supporting Struggling Readers in Content Area Learning."[32] Each student is unique and different; therefore, a one-size-fits-all approach is inefficient, especially for the dropout recovery and prevention students at FEHS. Brenner also notes, "Struggling readers are supported when they engage with content in multiple modes. This includes both encountering contents in multiple genres and formats that are mutually reinforcing and communicating about content area learning orally and in writing to help clarify and deepen learning."[33] The comprehensive courses offered by Apex Learning "teach students to engage in argumentative discourse. [Students] are taught to make claims and support those claims with supporting evidence when they write analytical and argumentative essays about the texts they read."[34] Brenner stresses, "Apex Learning's comprehensive courses provide powerful, research-based adaptive and strategic scaffolds that allow access to the content and support students in becoming active learners. For these students, the courses provide resources for differentiating learning, for Response to intervention, and for motivating students who are struggling in content area courses to achieve."[35] Ultimately, the comprehensive courses offered by Apex Learning are "designed to meet the needs of all students and have a wide variety of features and opt-in scaffolds to support adolescents who may struggle with content area learning."[36] Apexes Learning comprehensive courses also provide learning rich with a variety of features such as graphic organizers, audio, video, rollover text, interactive elements, written assignments, discussions, and text-to-speech voiceovers.

4. Describe instructional strategies that the operator will implement to support the education plan and why they are well suited for the anticipated student population. Describe the

[29] Evans, J. (2016, November). Increasing Student Access to Personalized Learning. https://www.apexlearning.com/resources/white-papers/201612/increasing-student-access-personalized-learning (Accessed 15 August 2018)
[30] Ibid
[31] Ibid
[32] Brenner, D. (2015). Supporting Struggling Readers in Content Area Learning. Retrieved August 14 2018, from https://www.apexlearning.com/resources/white-papers/201501/supporting-struggling-readers-content-area-learning
[33] Ibid
[34] Ibid
[35] Ibid
[36] Ibid

methods and systems teachers will use to provide differentiated instruction to meet the needs of all students.

The following instructional strategies will be utilized daily at Fusion Ed High School (FEHS) in classrooms to enhance the use of the curriculum and improve teacher effectiveness. Within a student-centered approach, they include Marzano Instructional Strategies, Universal Design for Learning Guides, and computer-based strategies.

Instructional Strategies
Student-centered instructional approach empowers students to take control of their learning. Teachers use strategies to guide their classroom instruction, engagement, and learning opportunities. Strategies are developed using all the data we know about students derived from ongoing student assessment. These include MAP data, individual learning styles, current academic achievement, career interests, and other relevant data. These data coupled with the teacher's classroom engagement strategies support and guide instruction. Several strategies are listed below.

1. Reviewing relevant data with students
2. Beginning with the end in mind
3. Pre-assessment and engagement
4. Reinforcing effort and providing recognition
5. Cooperative learning
6. Setting objectives and providing feedback
7. Generating and testing the hypothesis
8. Questions, cues, and advance organizers

Research
https://www.teachthought.com/pedagogy/28-student-centered-instructional-strategies/
https://www.brown.edu/academics/education-alliance/teaching-diverse-learners/student-centered-instruction

Marzano High Yield Strategies. In *Classroom Instruction that Works: Research-based Strategies for Increasing Student Achievement*, Marzano identified nine high-yield instructional strategies through a meta-analysis of over 100 independent studies.[37] These strategies were presented as having the greatest positive affect on student achievement for all students, in all subject areas, at all grade levels. Select strategies will be utilized at FEHS.

Research. https://www.marzanoresearch.com/

Universal Design for Learning Guidelines. Universal Design for Learning Guidelines (UDL) is a set of principles for curriculum development that provides a blueprint for creating instructional goals, methods, materials, and assessments that work for everyone--not a single, one-size-fits-all solution but rather flexible approaches that can be customized and adjusted for individual needs.

Three primary principles guide UDL—and provide structure for the Guidelines:
1. Provide Multiple Means of Representation
2. Provide Multiple Means of Action and Expression
3. Provide Multiple Means of Engagement

[37] Robert Marzano, Debra Pickering, and Jane Pollack. Classroom Instruction That Works: Research-Based Strategies for Increasing Student Achievement (Alexandria: Association for Supervision & Curriculum Deve, 2001)

Research. http://www.udlcenter.org/research/researchevidence

Computer-Based. Computer-based instruction is teaching/learning using computer software designed to deliver content or information and requiring interaction between the learner and the use of the computer. Students will use a computer-based resource to receive mastery-based instruction. Ample evidence and research findings indicated programs that offer education assisted technology show a positive effect on learning. The website Best Evidence.org that provides the results of instructional strategy research states, "Findings of this review indicate that educational technology applications produced a positive but modest effect on the reading skills of struggling readers."[38] Additionally, for struggling readers, "classroom instructional process approaches, especially cooperative learning and structured phonetic models, have strong effects for low achievers (as well as other students)."[39] For high school reading, "programs using one-to-one and small-group tutoring and cooperative learning programs, showed positive outcomes.[40]

Research. http://www.bestevidence.org/reading/tech/tech_strug_read.html
http://www.bestevidence.org/reading/strug/summary.htm
http://www.bestevidence.org/reading/mhs/mhs_read.htm

The specific setting of the research provided for the instructional strategies is relevant to the demographics of FEHS—students in high school who are at-risk for dropping out, students with disabilities, and English Language Learners. The student population in the studies also consists of struggling readers, which represents the student population of FEHS.

Differentiated Instruction
FEHS will implement a strong Response to Intervention (RTI) program to provide differentiated and individualized instruction to every student. Differentiation will be in the form of individualized instruction and can include one-on-one and/or small group sessions. Research-based interventions, a philosophy advocating an educational process of continuous reflection, rethinking, and restructuring of strategies, will be afforded to students. The school will have a solid RTI School-Based Leadership Team to apply a progressive change system utilizing consensus building, infrastructure development, and implementation. The RTI School-Based Leadership Team (RTI Team) will be a model of consensus building, utilizing participation from all levels of its system. The RTI Team consist of the Principal, Student Pathways Advisor, Director of Special Education, Academic Coach, Intervention Specialist, classroom teachers, and parents (as needed). The system will revolve around the study and optimization of the interactions of curriculum, instruction, students, and learning environments. The RTI process will be implemented at the school to accomplish three goals: 1) to target student deficits, 2) align instruction and intervention to close the gap and progress monitor, and 3) strengthen core instruction.

RTI is a "systematic method for evaluating the needs of all students and for fostering positive student outcomes through carefully selected and implemented interventions." The model uses three (3) tiers of interventions that become increasingly more focused, intense, and individualized. Tier 1 is the Universal Level and offers primary intervention strategies that provide quality core and differentiated instruction to all students. Tier 2 refers to the Targeted Level and offers core plus supplemental intervention that includes targeted small group studies. Tier 3 is considered an Intensive Level and provides core and intensive intervention that includes small group studies for

[38] http://www.bestevidence.org/reading/tech/tech_strug_read.html (accessed August 23, 2018)
[39] http://www.bestevidence.org/reading/strug/summary.htm (accessed August 23, 2018)
[40] http://www.bestevidence.org/reading/mhs/mhs_read.htm (accessed August 23, 2018)

four to five days a week. See Figure 3: RTI Model below for an illustration of the tier levels and interventions.

FEHS will use Apex as the foundational standards-aligned instruction for RtI Tier 1. With Tier 1 delivery, 75-80% of students should theoretically be expected to experience success. Teachers receive ongoing highly qualified Professional Development to ensure the Tier 1 instructional program is delivered as intended.

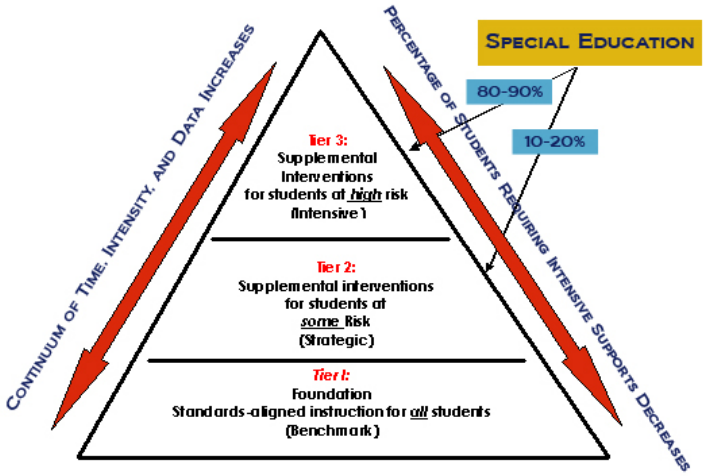

Figure 3. RTI model

FEHS has high percentages of students who are considered at-risk, including 100% who are economically disadvantaged, and therefore, they need more Tier 2 strategic and Tier 3 intensive interventions. These statistics lead teachers to constantly change their teaching to meet the needs of the individual students every day, re-teaching what students do not master it in the Tier 1 instruction. Teachers use evidence-based instructional strategies and supplemental resources to plan lessons to instruct students and provide intervention. Teachers check with the Leadership Team to obtain approval for supplemental resources. Teachers are mentored and reflect on their teaching, use data to drive instruction, and meet in teacher-based teams to improve teaching practices.

Screening

The first level of data for RTI will be collected at the start of the school year. Once results have been collected, the RTI Team will review the data and identify those students in need of Tier 2 and Tier 3 support. An instructional and intervention plan will be created and tailored to each student's specific needs that will include a timeline of follow up assessments to ensure student growth. The plan will be utilized to teach a new skill, build fluency in a skill, or to encourage the student to apply an already existing skill to a new situation or setting. The interventions will be designed to improve performance relative to a specific, measurable goal. These will not consist of assigning homework or giving an assessment but will include instruction, be focused on targeting a specifically identified weakness and be implemented consistently for at least three days a week over the course of at least six weeks. Also, the RTI Team will create decision guidelines to determine when interventions are no longer necessary, need to be changed, or whether the student should be referred for evaluation of suspected disability.

Tier Details

Tier 1 will focus on strong core programs using research-based curricula for all students. The school will have systems in place to regularly review and analyze data on student progress at the school, grade, classroom, and individual levels. Adjustments will be made through whole and small-group differentiation of instruction based on analysis of student data and identified areas of need for additional opportunities for learning. Data analysis will reveal those students who continue to demonstrate achievement that is not at a commensurate pace as their peers. Differentiation will allow these students to become proficient by allowing them to learn the materials in ways that suit

their unique needs. This could include small groups, modifying materials, additional practice, and changes to materials or scope of the task all while in the general classroom. Tier 1 interventions are implemented for a minimum of 4 to 6 instructional weeks.

Tier 2 will focus on students who need additional academic support beyond what can be provided through differentiation in the general classroom for all students. The RTI Team will review the data collected by diagnostics, MAP, and curricular benchmark assessments and specific plans will be created to ensure each student learns the necessary skills to be successful. The parent is notified of the plan and small group intervention. Small groups will meet in targeted instruction. Throughout this process, students will be informally assessed on a weekly basis to provide up to date information.

Tier 3 will focus on students who require intensive, focused, small group or individual interventions of longer duration than provided in Tier 2. Tier 3 interventions will include targeted content and specialized instruction with extraordinary time and focus. Before students are assigned to Tier 3 interventions, parents are informed of lack of progress, and an invitation letter is sent home to meet to discuss the student's progress. The RTI Team meets to analyze and determine appropriate interventions for students in need of more intensive intervention. The targeted instruction may be in small groups. Individual assessments will be conducted to provide daily monitoring of student progress. The RTI Team reconvenes to review progress data and make a decision of whether or not to possibly refer the student for Special Education evaluation.

5. Discuss the rationale for the proposed educational program, including evidence of results, especially with comparable student populations, as available. (You may refer to your response to Section 4, "Portfolio Review & Performance Record.")

Please see the response in Section 4: Portfolio Review and Performance Record.

6. Describe any key educational features that will *differ* from the operator's existing schools not already discussed above. Explain why you would implement these different features, any new resources they would require, and the rationale for the variation in approach.

Fusion Ed High School (FEHS) will utilize the same educational model that incorporates achieving a diploma and career technical education and certification, as its success is being proven at seven Life Skills campuses.

Pupil Performance Standards

Responses to the following items regarding the proposed operator's pupil performance standards must be consistent with the Indiana Academic Standards and Common Core State Standards.

1. Describe the pupil performance standards for the school(s) on the whole.

As a drop out credit recovery program, the school's goal is to provide a rigorous program that provides each student with the opportunity to graduate high school with a high school diploma and an industry credential in the career path of each student's choice with the seal of workforce readiness. Should the student choose to enter into a two- or four-year university, they shall proceed to the college credit plus program. The school will follow the ordinance of Indiana State Law: Public Law 192-2018 amended the graduation requirements for students in the 2019 through 2022 cohorts to allow these students to meet such graduation requirements by passing the graduation

qualifying exam (GQE) or successfully completing a graduation pathway. Note that the GQE for these cohorts of students is the ISTEP+ 10 assessment.

- Students in the 2019 – 2022 cohorts may satisfy graduation requirements in one of four ways:
    - Passing the GQE (ISTEP+ 10)
    - Not passing the GQE (ISTEP+ 10) but receiving a waiver from the GQE (ISTEP+ 10) requirement.
    - Successfully completing a graduation pathway, if offered by the school.
    - Unsuccessfully completing a graduation pathway but receiving a waiver from the pathway requirement, if offered by the school.

- All students must take the GQE (ISTEP+ 10) during the cohort's 10th-grade year. A student who does not pass the GQE in 10th grade may strictly pursue a graduation pathway, and not retake the GQE in 11th or 12th grade.
- Students may work to satisfy graduation requirements for both the GQE and the pathways during their high school careers.
- IC 20-32-4-4 requires a student to take the GQE (ISTEP+ 10) at least once during every school year after the initial administration of the exam in order to qualify for a waiver from the GQE graduation requirement. Therefore, a student who does not pass the GQE in Grade 10 and does not retake the GQE in Grades 11 and 12 will be ineligible to graduate with a waiver provided for under IC 20-32-4-4.
- IC 20-32-4-4.1 requires a student to attempt to achieve at least three (3) separate postsecondary readiness competencies in order to qualify for a waiver from the postsecondary readiness competency graduation requirement under pathways. Therefore, a student who does not attempt at least three (3) competencies will be ineligible to graduate with a waiver provided for under IC 20-32-4-4.1. Students who transferred during their senior year from a non-accredited nonpublic school or an out of state school to a public school in Indiana need only attempt one postsecondary readiness competency to qualify for a waiver from the postsecondary readiness competency graduation requirement.

2. Provide, in **Attachment 3**, a complete set of the operator's proposed learning standards for one grade in each division the operator will serve. Address the skills and knowledge each student will be expected to attain by the end of that grade. If the school(s) will serve only one division, the exit standards provided in response to question 5 in this section will suffice.

The school will provide a rigorous first year that will allow each student the opportunity to achieve the 10th-grade expectation:

- All students must take the GQE (ISTEP+ 10) during the cohort's 10th-grade year. A student who does not pass the GQE in 10th grade may strictly pursue a graduation pathway, and not retake the GQE in 11th or 12th grade.
- Before the student goes to the 10th grade, each student will take a practice GQE before taking the ISTEP+10. Should the student not pass the practice assessment, the School will provide extra instruction to prepare the student for the assessment.

See **Attachment 3: Learning Standards_Exit Standards**.

3. If you plan to adopt or develop additional academic standards beyond the Indiana Academic Standards, explain the types of standards (content areas, grade levels). Describe the adoption or development process that has taken place or will take place. Select one grade level and subject area as an example, and explain how these additional standards exceed the Indiana Academic Standards.

FEHS will provide access to workforce curriculum that will align with the Career Technical Education standards. These standards will receive dual credit. All proficiency will be assessed by the ISTEP10+.

Graduation Pathway Assessments. Pathway Assessments are the identified assessment or bundle of assessments that show students' technical skill attainment in a specific Pathway. These assessments could include the ISTEP10+, dual credit course final exams, assessments that lead to certification, or other assessments. Pathway Assessments are specified for each Pathway and will be reviewed annually for applicability. Pathway Assessments may be offered at any time during the student's journey through a Pathway and should be offered when most appropriate to the schedule of instruction.

Explain the policies and standards for promoting students from one grade to the next. Discuss how and when promotion and graduation criteria will be communicated to parents and students.

The policies for promoting students are as follows. The criteria are listed in the Parent and Student Handbook that all families receive upon enrollment and is available on the school website.

- 9th grade students will be promoted to the 10th grade when the student receives a proficient on the 10th grade assessment (should the student not achieve proficiency; the School will provide opportunity for the student to follow the pathway as provided by the State to choose a path of proficiency). Student will earn 10 core credits.
- 10th grade students will be promoted to the 11th grade when the student achieves passage on the ISTEP+10 or another pathway as determined by the state pathway. Student will earn 10 credits.
- 11th grade students will be promoted to 12th grade when student earns 10 credits. Student will continue on traditional pathway if student reaches proficiency on ISTEP+10; if no proficiency awarded, student will choose a graduation pathway.
- 12th grade students will graduate from high school with 40 credits (dual career credits), an industry credential, and passage of the ISTEP 10+. If student did not pass ISTEP 10+ check eligibility for waiver.

4. Provide, in **Attachment 3** the school's exit standards for graduating students. These should clearly set forth what students in the last grade served will know and be able to do.

High School Graduation Requirements and Postsecondary Readiness *(High Schools Only)*
High schools approved by BSU will be expected to meet Indiana Graduation Requirements (described in IC § 20-32-4 and explained on the Indiana Department of Education's website: http://www.doe.in.gov/achievement/curriculum/indianas-diploma-requirements.

1. Explain how the school will meet these requirements. Describe how students will earn credit hours, how grade-point averages will be calculated, what information will be on

transcripts, and what elective courses will be offered. If graduation requirements for the school will exceed those required by the State of Indiana, explain the additional requirements.

Students will earn credits by completing courses aligned to the Indiana Academic Standards, blueprints of all state tests, and dual credit earned by alignment to the Workforce Curriculum. Students will complete ten credit hours per year. Students may work ahead should they achieve proficiency on the ISTEP 10+ or have chosen a graduation pathway. Electives will include work hours, coding, gaming, and other such courses that engage student interests. The list of electives is included above. Students will gain a diploma with 40+ credits earned, passage of the ISTEP 10+, passage of appropriate workforce readiness exam(s), and at minimum one industry credential. Transcripts will include credits earned, test passage scores and dates taken, and GPA that will be based on a traditional 4.0.

2. Explain how the graduation requirements will ensure student readiness for college or other postsecondary opportunities (trade school, military service, or entering the workforce).

The rigorous program offered by the school includes a traditional academic pathway that incorporates career/college readiness pathways. Ensuring dual credits that align the workforce readiness standards with that of the Core 40 assures that each student graduates ready for college or postsecondary opportunities. The graduation requirements are listed below.

Course and Credit Requirements	
English/ Language Arts	**8 credits**
	Including a balance of literature, composition and speech.
Mathematics	**6 credits (in grades 9-12)**
	2 credits: Algebra I 2 credits: Geometry 2 credits: Algebra II *Or complete Integrated Math I, II, and III for 6 credits.* *Students must take a math or quantitative reasoning course each year in high school*
Science	**6 credits**
	2 credits: Biology I 2 credits: Chemistry I or Physics I or Integrated Chemistry-Physics 2 credits: any Core 40 science course
Social Studies	**6 credits**
	2 credits: U.S. History 1 credit: U.S. Government 1 credit: Economics 2 credits: World History/Civilization or Geography/History of the World
Directed Electives	**5 credits**
	World Languages Fine Arts Career and Technical Education
Physical Education	**2 credits**

Health and Wellness	**1 credit**
Electives*	**6 credits** (College and Career Pathway courses recommended)
40 Total State Credits Required	

3. Explain what systems and structures the school will implement for students at risk of dropping out and/or not meeting the proposed graduation requirements.

FEHS builds its program around the attraction of students who are at risk of dropping out. The school's mission and structure create an engaging process upon enrollment. All students meet with a Student Pathway Advisor and participate in the Discovery Experience. Before the student engages in academic work, the student receives counseling about their career interest/college interest, interest inventory, learning style inventory, home life, and other more holistic approaches to determine the student's story. The program is built to assist the students who struggle.

School Calendar and Schedule

1. Discuss the annual academic schedule for the school. Explain how the calendar reflects the needs of the educational program. In **Attachment 4**, provide the school's proposed calendar for the first year of operation, including total number of days/hours of instruction.

The school calendar depicts the academic, testing, operating, student enrichment, and staff development schedule needed to provide a program that meets the needs of at-risk students. Coupled with instructional hours are time slots devoted to teacher Professional Development that will provide training to instructors on how to increase academic achievement. In addition to academics, the schedule includes assessments days and enrichment time that allows students to participate in wraparound services, special projects, electives, hands-on career training, and tutoring that will lead to the completion of the program and school mission. There will be 180 days and 1080 hours of instruction time. See **Attachment 4: School Calendar and Schedules**.

2. Describe the structure of the school day and week. Include the number of instructional hours/ minutes in a day for core subjects such as language arts, mathematics, science, and social studies. Note the length of the school day, including start and dismissal times. Explain why the school's daily and weekly schedule will be optimal for student learning. Provide the minimum number of hours/minutes per day and week that the school will devote to academic instruction in each grade. Your response should include, in **Attachment 4**, a sample daily and weekly schedule for each division of the school.

The school day begins at 8:00 a.m. and ends at 2:00 p.m. for students. Core subjects are taught during teacher-led classes, flexible grouping, and individual lessons and total 6 hours or 360 minutes per day. There are 6 hours per day and five days a week devoted to academic instruction in each grade. Each day can follow one of three schedules, but always includes a Homeroom time, teacher-led classes, Enrichment Hour, and Career Readiness Instruction time. The combination of classes, Career Pathway Courses, and Career Readiness Instruction supports the mission of the school to graduate students with a diploma and industry-recognized credential. The daily schedule is enclosed in Attachment 4: School Calendar and Schedules. During Homeroom time, students work on self-paced classes, and teachers are available for support. During Career Readiness

Instruction, students receive instruction and/or activities on preparing for successful employment after graduation. Homeroom and Career Readiness time occur during the first hour of the day.

The next block of time offers either a Teacher-led Class. Classroom instruction provides focused small group work in the classroom with a content area teacher. All students in the room are in a course from that discipline but may be in varied courses with varied progress. In a Teacher-led Class, students participate in traditional teacher-led class sessions using block schedules and receive a mix of direct instruction, group work, hands-on learning, and independent mastery practice. A full credit is earned each semester. Teacher-led classes include English, Algebra, Biology, and US History. From 9:45-10:30 a.m., students are immersed in a Teacher-led Class, Career Programming Instruction, and individual learning. During a Writing Lab, students work on a writing assignment for a Writing Skills & Strategies English credit. Some of the assignments fulfill requirements for other courses such as a social studies class, math class, and science class. For example, students can complete resumes from career courses, which addresses workplace writing. Completion of a resume counts for English and College Career Prep courses. From 10:30 a.m.-12:30 p.m. is career-based programming. From 12:30-1:00 p.m., there is lunch. From 1:00 to 2:00 p.m., students engage in more classroom instruction, career programming, or leave for their internship.

School Culture

Describe the culture or ethos of the proposed school. Explain how it will promote a positive academic environment and reinforce student intellectual and social development.

Fusion Ed High School (FEHS) will offer a school culture that will help to keep the student engaged. The following strategies and activities will be implemented to maintain a positive academic environment and reinforce student intellectual and social development.

Student Pathway Advisor

All students meet with a Student Pathway Advisor. All students receive counseling about their career interest/college interest, home life, and other more holistic approaches to will help the Advisor determine what areas of school academic and social life may appeal to the student.

Student Activities

FEHS is committed to implementing extracurricular activities and clubs that will enhance students' high school experience and create a sense of pride. In response to student interest and participation as well as staff availability, FEHS may offer activities to include, but not limited to:

Manufacturing Class	Art Class	Robotics Club	Young Readers-SL
Iron Chef Club	Creative Writers	Sports/Fitness	Code.org
Debate	Art & Design	3D & CAD	Piano/Music
CLUB 'Tasters'	Gaming and Games	APTE/YE	Advisory
Film Club	Glam Club		

Service Learning

FEHS will offer high-level academic curricula that are connected to the real world by providing off-campus experiences such as service learning including projects involve Young Readers, Ronald McDonald House, art and design activities, a community breakfast, building projects, and the Humane Society.

Enrichment Hour

FEHS is committed to creating and maintaining a strong culture that encourages all FEHS family

members to learn, take risks, and work toward the transformations necessary to change their lives for the better. An Enrichment Hour is built into each day for students to build culture. During this time, students choose from activities that stimulate their interest from the list of activities above or the time can be spent playing videos and games.

1. Explain how you will create and implement this culture for students, teachers, administrators, and parents starting from the first day of school. Describe the plan for enculturating students who enter the school mid-year.

FEHS offers a very welcoming environment for the students from the first day of school. Teachers are trained in culture through their Professional Development classes. All students are assigned a Student Pathways Advisor (SPA) who meet with them before the academic coursework begins to engage on a personal basis. From day one of school, students participate in a Discovery Lab, which helps to build a great culture at FEHS. The Discovery Lab is attended at the onset of enrollment that provides to students the required assessments and the appropriate placement and determination of the desired graduation pathway for the student. The goal is to establish engagement, care, and interest in ensuring the student has an individualized plan developed for their Individual Career Plan specific needs and goals while enrolled in the school. Students are very transient at the age of FEHS enrollees, and it has proven over time that if there are initial engagement and one-on-one interest of staff shown at the beginning of the school year, then the chances increase for continued enrollment, effort, and retention of the student through the program requirements. The Discovery Lab is a dedicated room in the school that serves as a launch pad for all new students, and they will make new friends, learn the Fusion Ed career culture, and create their graduation and career training plans. The SPA is the leader of the Discovery Lab and has the responsibility to help build school culture by providing the following duties:

- Design the Discovery Lab environment;
- Maintain a consistent routine of daily activities that help new students acclimate to the school, make new friendships, and set-up their path to graduation and credentials;
- Train students to have high expectations for punctuality and attendance to prepare them for employment;
- Orient Day 1 students, coach all Discovery students, transition Discovery-complete students into their permanent schedule;
- Have daily personal contact with every Discovery student, including calling absences;
- coordinating with administrator and CES, make a home or work visits after hours and Fridays;
- Administer MAP assessments during Discovery, as well as later in the year for spring MAP window;
- Administer Own it! Self-discovery course, review Own it! Profile with student, review student transcripts, coach student through a selection of Career Track;
- Formally report weekly work to administrator and SPA;
- Constantly maintain a checklist of student progress through Discovery;
- Track and certify student eligibility for CTE training courses;
- Liaise with CTE course instructors;
- Track attendance and progress for those enrolled in CTE courses, calling absences each day and withdrawing students when needed if they fail to meet attendance requirements;
- Meet with each student (not just Discovery) at least once/month to review progress toward their goals and to help them stay on track.

Students are asked to complete the items on the checklist, which includes the following:

- Day 1 interview with Student Pathway Advisor (SPA)
- Transcript Review with SPA or Administrator
- MAP Reading
- MAP Math
- Own It! Lesson 1-3 and print/save Own It! Profile
- Selected activities for school readiness or CBI
    - Create Backpack Profile
    - Budget Calculator
    - Career Cluster Inventory
    - Complete Career Profile
    - Research Occupations
    - Begin a Career Plan
- Fusion Ed Career Track Selection
- Fusion Ed Individual Career Plan (ICP)
- Academic Course Selection
- Graduation Timeline
- Meet my academic class teachers
- Meet our school's mental health caseworker

Parents are welcomed into the school through a series of Parent Involvement opportunities to meet with staff and participate in school activities. Activities such as Pancake Breakfasts welcome parents and present opportunities to engage with teachers and staff. To create and continue an environment of learning, a Code of Conduct and Discipline Policy is implemented.

2. Explain how the school culture will take account of and serve students with special needs, including students receiving special education services, English Language Learners, and any students at risk of academic failure.

All Fusion Ed High School (FEHS) students are welcomed into the culture of the school. A Student Pathways Advisor is assigned to **all** students and meets with them at least once/month to review progress toward their goals and to help them stay on track. The school will implement the Discipline Policy with all students. For students with disabilities, the school will abide by federal law on how to implement and distribute disciplinary consequences.

3. Describe a typical school day from the perspective of a student in a grade that will be served in your first year of operation.

For a student in 10th grade, the day begins at 8:00 a.m. with an hour devoted to Homeroom time for a self-paced class with a teacher available for advisory or help. The student could also spend time in Career Readiness Instruction preparing for employment in the chosen profession. The next 45 minutes from 9:00-10:30 a.m. offers two teacher-led classes where instruction in English, Algebra, Biology, or US History is provided. From 10:30 a.m.-12:30 p.m., there is time for more instruction based on the need of the student's graduation pathway. From 12:30-1:00 p.m., there is lunch. From 1:00 to 2:00 p.m., the student engages in Career Programming Instruction and leaves for an internship. The School day ends at 2:00 p.m.; and the student may stay for extra help from teachers that remain to provide extra learning sessions.

4. Describe a typical day for a teacher in a grade that will be served in your first year of operation.

A teacher's day is very rewarding and consists of prep time, teaching, advising, and lesson planning all in concert to assist students to fulfill their school and career-based goals. The day begins with 15 minutes of prep time from 7:45-8:00 a.m. From 8:00-9:00 a.m., the teacher participates in Homeroom by assisting students working on any self-paced course regardless of discipline or providing support for Career Based Instruction (CBI). From 9:00-10:30 a.m., instructors offer two forty-five sessions on teacher-led classes. During the instructional hours, teachers are providing small group/flexible grouping instruction and tutoring to students working in master, self-paced programs. From 10:30 a.m.-12:30 p.m., the teacher is providing career readiness instruction or career programming such as Coding. From 12:30-1:00 p.m., there is lunch with the students. From 1:00-2:00 p.m., teachers engage in either an instructional hour or a career program course such as OSHA 10. Teachers participate in after-school learning sessions or advisory meetings. A teacher's schedule is included in **Attachment 4: Calendar and Schedules.**

Supplemental Programming

1. If summer school will be offered, describe the program(s). Explain the schedule and length of the program, including the number of hours and weeks. Discuss the anticipated participants, including number of students and the methods used to identify them. What are the anticipated resource and staffing needs for these programs?

There will be no summer school offered.

2. Describe the extra- or co-curricular activities or programming the school will offer; how often they will occur; and how they will be funded.

Listed below are the extracurricular activities and programs that will be planned based upon student interest and staffing availability.

Manufacturing Class	Art Class	Robotics Club	Young Readers-SL
Iron Chef Club	Creative Writers	Sports/Fitness	Code.org
Debate	Art & Design	3D & CAD	Piano/Music
CLUB 'Tasters'	Gaming and Games	APTE/YE	Advisory
Film Club	Glam Club		

Off-campus experiences will include service learning projects with Young Readers, Ronald McDonald House, Art & Design, a community breakfast, building projects, and Humane Society.

3. Describe the programs or strategies to address student mental, emotional, and social development and health.

Fusion Ed High School (FEHS) will provide mental, emotional, and social development supports on a three-tiered system. The first system is the network-wide Positive Behavior and Support (PBS), which includes classroom-based and school-based reward systems and engaging instruction. The second level uses RTI techniques that allow the school-based team to intervene within the classroom without referring a student to Special Education. The RTI system is described herein the application. The final level of support includes Special Education, where students are provided Individual Education Plans that identify yearly goals, services, accommodations and modifications for students who qualify.

For students with emotional or behavioral disabilities, services can include (but are not limited to) social skill groups, small group interventions, 1-1 interventions, separate classrooms for a partial or full day, and support of the Intervention Specialist. If necessary, students can also be referred to PSI, a third party vendor, to provide intensive mental and behavioral health services. FEHS will implement a wellness program that encompasses a physical education program and nutritious meals. FEHS will invest in service learning that enables scholars to experience the reward that is found in giving. Service-learning projects will include volunteer opportunities with community charities. Additionally, an important element of nurturing the academic, social, and emotional development of students will be a strong relationship with their parents. The school offers multiple parent informational sessions during the school year in which the school's formative assessment practices and behavior management principles will be discussed.

4. If applicable, describe any other student-focused activities and programs that are integral to the educational and student-development plans.

Additionally, there will be career-based activities, trips, and pathway experiences planned throughout the year that correlates with chosen careers. Students can join groups, and they will be afforded opportunities to engage in hands-on experiences in the career pathways of Health and Public Service, Automation, Manufacturing and Engineering, and Business, Art, and Communication.

Special Populations and At-Risk Students

Schools are responsible for hiring licensed and endorsed special educators pursuant to law. School personnel shall participate in developing Individualized Education Programs (IEPs); identify and refer students for assessment of special education needs; maintain records; and cooperate in the delivery of special education instruction and services, as appropriate.

1. Describe the overall plan to serve students with special needs, including but not limited to those with Individualized Education Programs or Section 504 plans; English Language Learners; students identified as intellectually gifted; and students at risk of academic failure or dropping out. Identify the special populations and at-risk groups that the school expects to serve, whether through data related to a specifically targeted school or neighborhood or more generalized analysis of the population to be served. Discuss how the course scope and sequence, daily schedule, staffing plans, and support strategies and resources will meet or be adjusted for the diverse needs of students.

FEHS will ensure that all students with special needs including those with an IEP, ELP, high ability, IEP, and are at risk for academic failure, have available to them a free appropriate public education that emphasizes Special Education and related services designed to meet their unique needs and prepare them for further education, employment, and independent living. Given the demographics of the Indianapolis Public School system of which FEHS will serve, and the drop out recovery population, the school will expect to educate students who require an IEP, ELP, and are at risk of academic failure. Through focused and individualized attention per the Individual Education Plan and Individual Career Plan, each student will receive the support required from staff including general education teachers, Intervention Specialist, and outside specialized services, when needed. All courses will be adapted and differentiated based upon the need of each student. Teachers are expected to get to know and establish a supportive relationship with their students to encourage the learning from their one-to-one sessions that are integral to success in the program. Through providing individualized instruction to each student, teachers will find the proper learning path that each student needs for success regardless of the level of deficiency. Available to assist general

education teachers, Intervention Specialists, and Student Pathway Advisor are vendor PSI, the Principal, the Director of Special Education, Director of Curriculum Development & Instructional Design, Director of Assessment & Accountability, and Chief Academic Officer/Superintendent.

2. Explain more specifically how you will identify and meet the learning needs of students with mild, moderate, and severe disabilities in the least restrictive environment possible. Specify the programs, strategies, and supports you will provide, including the following:
    a. Methods for identifying students with special education needs (and avoiding misidentification);

All enrolled FEHS students participate in MAP assessments at the beginning and end of each academic year in reading, math, social studies, science, and Language Arts. Individual MAP data is analyzed to determine academic skills and areas of weakness to create academic interventions. Teachers then reassess student performance weekly with curriculum-based measurements over a period of no less than five weeks. Based on intervention data, observations and initial MAP data screening, eligible students may be referred for a Special Education evaluation. To avoid misidentification, an Intervention Team meets weekly or bi-weekly to discuss and evaluate data including assessments, attendance, and discipline, to make any necessary adjustments to students' lesson plans or special needs designations. The Intervention Team can consist of the School Psychologist, Parent, Principal, General Education Teacher, Intervention Specialist, Academic Coach, Counselors, PSI representative, Administrators, Enrollment Specialist, and Student Pathway Advisor as needed.

    b. Specific instructional programs, practices, and strategies the school will employ to provide a continuum of services; ensure students' access to the general education curriculum, and ensure academic success for students with special education needs;

FEHS will provide specially designed instruction and transition services for every student with an Individual Education Plan (IEP). Students requiring Special Education will receive it in the least restricted environment possible and will receive the majority of courses in the general education classrooms whenever possible. Therefore, all staff receives Professional Development in Special Education. Teaching staff have daily planning time, Professional Development (one-to-one, small group, and virtual), bi-weekly consultations with the Director of Special Education, and disability-specific resources (including third-party vendors such as PSI), providing information and explanation regarding state and federal laws, recommended practice, and other topics essential for the delivery of services to learners with disabilities. These topics include helping school district personnel evaluate the effectiveness of Special Education and related services; and providing in-service education to parents and personnel involved in educating students with disabilities.

Related services such as transportation, speech-language pathology and audiology services, interpreting services, psychological services, physical and occupational therapy, recreation, orientation and mobility services, and medical services for diagnostic or evaluation purposes are also provided when needed by a third party vendor such as PSI.

FEHS will ensure the implementation of a successful program or students with special needs as well as measure their progress. Individual student progress monitoring data or running records will be discussed and analyzed by Intervention Specialists and general education staff at a minimum of twice per month to determine what resources are working and what the data from the assessments mean. Meetings ensure consistent use of appropriate assessment tools and the type of services and frequency are implemented as stated in the IEP. Instructional adjustments are implemented when

needed, and student progress measured weekly. Students will meet regularly with Intervention Specialist to discuss student success plan, career goals, any celebrations/concerns regarding attendance, motivation, and over progress.

c. Plans for monitoring and evaluating the progress and success of special education students with mild, moderate, and severe needs to ensure the attainment of each student's goals as set forth in the Individualized Education Program (IEP);

Individual goals outlined in the IEP will be monitored and assessed closely. Progress is measured weekly to inform teachers when instruction or services need to be adjusted. Students working on basic skill deficits receive structured, specialized services and supports an individual or small group settings. The Intervention Team meets at least weekly to discuss student data and make any necessary adjustments. The IEP will include differentiation and modifications and supersedes any general education qualifications. Additionally, FEHS will utilize PowerSchool as the Student Information System (SIS). PowerSchool includes and "IEP at a Glance" component and keeps track of assessments, academic and career counseling requirements, and other progress monitoring.

d. Plans for promoting graduation for students with special education needs (high school only); and

For all special needs students, the IEP requirements will be followed according to the education pathway. Depending upon state requirements or graduation, exemptions will be handled on an individual student basis.

e. Plans to have qualified staffing adequate for the anticipated special needs population.

FEHS will provide quality staff to address and teach the students with special needs including a Director of Special Education, Student Pathway Advisor, and Intervention Specialist. We expect that there will be no less than one Intervention Specialist to every 24 special needs students. However, based upon the severity of the student needs, the statistic may be revised to one Intervention Specialist to approximately every 12 special needs students. Because the student enrollment is lower than in most high schools, FEHS will provide a successful ratio of Intervention Specialist who can find a pathway of success for students. It is expected that 10% to 12% of the 130 FEHS students will require special needs and two Intervention Specialists will be hired. In addition to the above positions, FEHS will make available Academic Coaches, the Principal, Enrollment Specialist, PSI representative, and any other staff that can address the special needs of students.

3. Explain how the school will meet the needs of English Language Learner (ELL) students, including the following:
    a. Methods for identifying ELL students (and avoiding misidentification);

FEHS will provide services to English Language Learner (ELL) students in accordance to the most recent state and federal guidelines including WIDA standards per Indiana Department of Education. PSI-Solutions (PSI), a contracted partner, will provide English as a Second Language (ESL) services to the school. PSI is an award-winning organization that provides Special Education services. The program will implement best practices that help students become proficient in English. PSI will provide The Home Language Survey.

b. Specific instructional programs, practices, and strategies the school will employ to ensure academic success and equitable access to the core academic program for these students;

PSI will establish ELL lesson plans and implement curriculum-according to WIDA Standards. Every ELL student will have an ELL Individual Plan of Service. PSI will provide the formal and informal English Language Assessments. The WIDA ELD standards address the academic language English Learners need in order to engage with peers, educators, and the core curriculum in all classrooms and all content areas. The five WIDA ELD standards will be implemented by all educators with ELLs in their classrooms:

1) Social and instructional language
2) Language of language arts
3) Language of mathematics
4) Language of science
5) Language of social studies of ELLs throughout the school year.

PSI provides assessments of the strengths and weaknesses of each student to the school personnel for Individual Education Plan planning. PSI collaborates with the school teachers and the Intervention Specialist to better serve the needs of the student.

c. Plans for monitoring and evaluating the progress and success of ELL students, including exiting students from ELL services;

PSI provides the following services and support to FEHS to assure that ELL students are afforded an exceptional learning education, which included monitoring and evaluation.

- Implement classroom activities that support both ESL and academic objectives.
- Incorporate flexible ESL teaching practices as needed: pull-out, push-in, inclusion, whole-group, small group, mixed group (grade/language level), individual student and co-teaching.
- Monitor ELLs progress in both social and academic English, in all four language domains (reading, writing, listening and speaking).
- Administer assessments
- Assess the accomplishments of the ELL, assessment results and provide progress reports.
- Assist general education teachers in the development of Limited English Proficient (LEP) plans and strategies as required for state and federal compliance and documentation of services for ELLs.
- Utilize relationship-building and co-teaching skills to support ELL student learning in the classroom.
- Share knowledge with a staff of academic/linguistic scaffolds and accommodations for use both within and outside the content-area classroom.
- Promote collaboration, team-building and establish rapport with school staff and the community. A Teacher Collaboration Form is completed by general education teachers that are provided to the ESL teacher. By providing details on classroom lesson plans such as vocabulary words and grammar concepts for the week, the ESL teacher is assisted in creating lessons for the upcoming week. The ESL teacher will spend time reinforcing the area of the teacher's choice.
- Collaborate with the intervention/support staff and seek the support of appropriate specialists when needed. Provide needed support to ELLs with disabilities.

- Meet with ESL parents, facilitate/document parent communication and assist teachers in fostering ESL parent communications and connections. Parent notices and information sheets are provided in the language spoken by the parent.
- Provide training and assistance to staff to ensure appropriate identification of ELLs, support, and service of ELLs and general classroom accommodations for ELLs.
- Attend staff/team meetings, training and Professional Development meetings as required.
- Maintain appropriate reports and documentation for ELLs as needed

PSI requires ongoing and assessing of ELL students in the classroom. Forms are completed by each teacher that instructs ELL students in order to provide an assessment of the student's social, emotional, and academic status and progress in class. At the end of the year, PSI provides a Year-End form to families that include test results, Student Learning Objectives and ideas for families to increase their student's progress during the summer months.

Federal guidelines require that students who are ELLs be monitored quarterly for two years after the exit of an ELL program. A PSI ESL Monitoring Form is completed by PSI after a student has exited the program. Consultation is available with ELL staff for those that have exited.

d. Means for providing qualified staffing for ELL students.

FEHS assures that highly qualified general education teachers and other specialized personnel are available as needed. All general education teachers receive ELL training as a part of Professional Development. Additionally, a professional specialist at PSI will be available.

4. Explain how the school will identify and meet the learning needs of students who are performing below grade level and monitor their progress. Specify the programs, strategies, and supports you will provide for these students.

Fusion Ed High School (FEHS) provides programming beginning with the first day of school to assess proficiency and create individualized plans for low performing students. In the Discovery Week process during the first week of classes, the Student Pathway Advisor (SPA) becomes an investigator compiling data to provide to the educators so that the best pathway may be created for each student. During the process, a student will complete the following assessments:

- NWEA MAP
- Career Interest Inventories
- Learning Style Inventory
- End of Course Practice Tests

The SPA will begin the Individual Career Plan for every student. The Holistic Roster is the school-wide document of which all staff has access including during team meetings. This important data helps guide conversation during Discovery Lab and the transition to the regular classroom. Conversations surround developing the best plan for the student and involve the school social advisors (school psychiatrist, social worker), the Intervention Specialist, general education teachers, the Principal, and the student. The Holistic Roster continues with all students through their years at the school. This document is where all academic and non-academic information is tracked. This team evaluates the student holistically including looking for areas of interests and possible areas of credit flexibility. A sample of The Holistic Roster can be found at https://lifeskillshighschool.sharepoint.com/:x:/s/cincinnati/EZcios2-PCFOjPX7kn3gFlABqSDdJuX8usnLZx1mB2E2Wg?e=8B6AA6.

The Discovery Lab and Holistic Roster process helps to identify the learning needs of all students before they start their courses. Going through the process allows the learning team to help every student receive every service necessary for student success. The Career Technical Education provided will also attract the otherwise disengaged students who arrive at the school. The process of engaging the student early who typically did not have an interest at a traditional school will help to give the positive start needed to experience success immediately.[41] One of the most effective ways to engage students is to help them earn certifications and credits during Discovery Week. In the program, FEHS will offer CPR certification and OSHA 6 to all students. This initial achievement helps all students to experience success in the first few weeks of school.

At the beginning of school, if a student arrives with an IEP, the Intervention Specialist will determine if an update to the IEP is needed or initial testing to determine the types of accommodations required for success in the classroom. Since the students who attend dropout recovery and dropout prevention schools tend to identify in the lowest 20%, FEHS understands the importance of a Discovery Week before the student enters the classroom.

5. Explain how the school will identify and meet the needs of intellectually gifted students, including the following:
    a. Specific instructional programs, practices, strategies, and opportunities the school will employ or provide to enhance their abilities;

FEHS will offer services that meet the needs of all students. In dropout recovery and prevention schools, students arriving in the program do not typically present as gifted on paper. Therefore, the school does not maintain a gifted program or receive funds specifically to maintain a gifted program. However, the school does include a student-paced curriculum. When students who progress within their pathway demonstrate a higher level of learning than in the past, FEHS will make more rigorous lesson plans and curriculum available to challenge the student. Additionally, if a student's test results indicate an exceptionally high ranking on the MAP assessments, there may be an opportunity to receive additional education experiences from a third party vendor.

    b. Plans for monitoring and evaluating the progress and success of intellectually gifted students; and

FEHS will provide continual assessments and rigorous lesson plans and curriculum to challenge students constantly. Monitoring will take place via assessments and their individual career plans.

    c. Means for providing qualified staffing for intellectually gifted students.

FEHS will provide qualified general education teachers and when necessary third-party vendors. All general education teachers are trained in instructing intellectually gifted students.

Admission Policy and Criteria

1. Explain the plan for student recruitment and marketing that will provide equal access to students and families interested in the new school. Specifically describe the plan for outreach to families in poverty; academically low-achieving students; students with disabilities; homeless students; and other youth at risk of academic failure.

[41] https://webnew.ped.state.nm.us/wp-content/uploads/2018/03/Dropout-Prevention-Technical-Assistance-Guidance.pdf

Fusion Ed High School (FEHS) student enrollment goals for year one is aggressive for a new high school in Indianapolis. However, the school's charter management organization (CMO), Fusion Career Education, Inc. (Fusion Ed), is charged with implementing the recruitment campaign and has a proven record of achieving highly effective results. Fusion Ed met aggressive enrollment goals this past year with significantly increasing enrollment at each of their newly managed schools in Ohio. A number of their schools were on improvement plans with their authorizers due to low enrollment before Fusion Ed's involvement. Upon Fusion Ed's increased focus and management, enrollment increased even in the most saturated communities, and all schools have been removed from the improvement plans. One school in Toledo, Ohio has been in discussions with Fusion Ed to work toward identifying their Toledo school as the designated dropout prevention and recovery school for the district. The students at each school are earning credits, participating in career programs and are successfully proceeding through their individualized career plans.

Attracting an adequate number of students to enroll in FEHS is at the center of the recruitment efforts. FEHS will use strategic recruiting methods to enroll the projected number of students. The marketing plan will serve to introduce the school to the Indianapolis business and education communities as well as attract families to enroll their students. FEHS is developing partnerships with various Indianapolis organizations in an effort to collaborate and obtain advocates throughout neighborhoods in the community.

Recruitment of students will begin once the Principal is hired. Students and families are engaged through a variety of strategies. The school will offer family orientations from April through August for prospective families, and grassroots efforts will increase throughout these months. Orientations and one-on-one meetings allow prospective students and parents to gain an understanding of the school and its educational model and expectations. The marketing plan includes newsletters, newspaper press releases, advertisements, community speaking engagements, open houses, a 24-hour hotline, website, social media, email, voice mail, flyers, direct mail, and door-to-door visits. A grassroots campaign to barber shops, beauty shops, and churches will be implemented. All strategies are best practices by charter school networks and can be viewed in **Attachment 7 in the Community Outreach and Marketing Schedule.** Included are samples of the targeted marketing collateral that will be tailored to the Indianapolis community to attract the student and family populations.

2. Provide, as **Attachment 5**, the school Admission Policy, which should include the following:
    a. Tentative dates for the application period and enrollment deadlines and procedures, including explanation of how the school will receive and process Intent to Enroll forms;
    b. A timeline and plan for student recruitment/engagement and enrollment;
    c. An explanation of the purpose of any pre-admission activities for students or parents; and
    d. Policies and procedures for student waiting lists, withdrawals, re-enrollment, and transfers.

The Fusion Ed High School (FEHS) Admission Policy is included as **Attachment 5**. The school does not require a beginning and end to the enrollment period as admission is continuous throughout the year. FEHS accepts students at any point during the year. There is an individualized career plan established for each student, which is their unique roadmap toward graduation and combines their individual interests and specific career goals. Students complete their paperwork and enroll in the school beginning with the Discovery Lab experience so that they may take all necessary assessments and determine their pathway toward graduation. Student file release requests are

signed during the enrollment process to obtain previous records, which assist with placement, if necessary. The Admissions Policy provides for a waitlist and lottery process if the proposed enrollment exceeds available seats.

Student Discipline

Describe the philosophy of student discipline that supports your school model. Discuss how parents will be informed of the school discipline policy.

Fusion Ed High School (FEHS) provides a welcoming and nurturing environment for our students. A nurturing environment supports students' social and emotional development, which is essential to academic success. Social and emotional support is important for students to encourage learning. Often, students have already been failed by the traditional system. A caring environment can help students gain confidence, and improve self-perception. Being surrounded by understanding leaders, teachers and staff can help students become involved and stay engaged. A positive, welcoming atmosphere within the building can affect student behavior while they are in the school setting (avoiding fighting, getting easily upset, or dealing appropriately with conflict), and how they relate to others, especially people who matter to them (parents, teachers, and friends).

The school fosters a welcoming and nurturing environment within the building and the classroom, and each student is greeted by the teacher upon arriving to class. Additional Positive Behavior and Support (PBS) programs are implemented throughout the Fusion Ed program, such as monthly award ceremonies, recognition for credits earned and achieving senior status, guest speakers, onsite demonstrations, and supplementary programming offered when success is achieved. The school provides leadership opportunities to students who are interested as well as opportunities to explore careers and interests to determine their best pathway. Recognition of positive behavior is reinforced school-wide and in the classroom to encourage good behavior.

The school recognizes that a positive learning environment cannot occur without maintaining order and discipline conducive to learning. The Code of Conduct is intended to standardize procedures to protect the rights of every student at the school. Students at the school are required to know the Code of Conduct. We lead by example, and we encourage positive behavior. All staff treats students with respect and kindness in how they interact and speak with them. When students do not follow the rules, they are expected to accept the consequences. The student's attitude toward the rules of the school is very important.

Corporal punishment is not permitted. No employee should threaten, inflict, or cause to inflict unreasonable, irrational, or inappropriate force upon a student. Good sense and judgment should always prevail. Through progressive discipline, FEHS administrators will determine appropriate consequences and/or identify relevant support that may help students improve their behavior. The goal is to prevent inappropriate student behavior from happening again. School administrators may consider a range of options in responding to each situation. These options will include different supports and consequences. Support might range from a conversation with the student to a review of expectations for the student's behavior to counseling from a social worker, such as for life skills coaching or anger management. Consequences may include, for example, an assignment, detention, a suspension or expulsion.

1. Provide, as **Attachment 6**, the school discipline policy, which should include the following:
    a. Practices the school will use to promote good discipline, including both penalties for infractions and incentives for positive behavior;

b. A preliminary list and definitions of the offenses for which students in the school must (where non-discretionary) and may (where discretionary) be suspended or expelled, respectively;
c. An explanation of how the school will take into account the rights of students with disabilities in disciplinary actions and proceedings; and
d. Procedures for due process when a student is suspended or expelled as a result of a code of conduct violation, including a description of the appeal process that the school will employ for students facing expulsion.

The Parent/Student Handbook is attached that includes the Discipline Policy, Code of Conduct rules, definitions, list of infractions, Progressive Discipline and Due Process Procedures to be used at the school. **See Attachment 6: FEHS Parent_Student Handbook**. The Parent/Student Handbook is provided to each family upon enrollment and on the school website.

Parent & Community Involvement

1. Describe the role to date of any parents and community members involved in developing the proposed school.

The Fusion Ed High School (FEHS) Board of Directors is comprised of local parents and community members. As stated herein, FEHS Board members live, work and/or have a vested interest in ensuring that the students of the Indianapolis community have access to high-quality education in a safe and secure setting that meets their individual needs. The career and technical focus of the school in addition to the rigorous academic requirements will help better position students for success in obtaining gainful employment upon completion of the program.

The FEHS Founding Team is working to ensure that connections are made during the development period to establish the partnerships and ensure the local services and skills and talents are available to the school to ensure success once the campus is operational. Local business and technical partnerships may further influence additional career and technical programs and certifications that can be offered at the building. Parent and community involvement is key to the school's success.

2. Describe how you will engage parents and community members from the time that the operator is approved through the opening of school(s).

FEHS has an established marketing and recruitment plan to gain awareness, interest, advocacy, and support from organizations and individuals in the FEHS target neighborhood. The east Indianapolis community has a diverse population. To secure the awareness and fulfill enrollment, the school must appeal to the target population and gain the trust necessary for families to enroll their students. The east Indianapolis community is a close community, and word of mouth is always the best recommendation. Grassroots efforts have been the key to Fusion Ed's success in marketing and enrollment efforts. Electronic brand awareness and print material are helpful, but one-on-one conversations with families and parents are critical to opening the possibility of student success. Ongoing canvassing, community meetings, and orientations will continue through the school's opening.

3. Describe how you will engage parents in the life of the school (in addition to any proposed governance roles described in Section 2 below). Explain the plan for building family-school partnerships that strengthen support for learning and encourage parental involvement.

Describe any commitments or volunteer activities the school will seek from, offer to, or require of parents.

Fusion Ed High School (FEHS) realizes that its strength lies in the hands of students' parents (hereinafter including guardians/caretakers/foster caregivers) and the extent to which they become involved in the daily activities of the students. According to a *2012 High School Dropouts in America* survey by Harris Interactive, about 1 in 5 students say they lack parental support, and another fifth of the students are parents.[42] For students at-risk for dropping out, the engagement of parents in the education model is paramount. Relationships with the parents will be encouraged by setting systems and processes in place to emphasize the importance of home-school communication. Therefore, FEHS has established a Parent Involvement Policy that incorporates the following components. FEHS will:

1. Create a welcoming school climate.
    - Provide a welcome packet for all parents visiting the school, including important school contact information, school calendar, and information about the vision and mission of the school.
    - Have teachers make personal contacts with families through e-mail, phone calls or home visits.
    - Hold an open house, before school opening, at which families can meet their student's teachers, tour the school building and meet other families.

2. Provide families with information related to student development and creating supportive learning environments.
    - Provide information for parents on typical development and appropriate parent and school expectations for students.
    - Print suggestions for parents on home conditions and activities that support learning at each grade level.
    - Partner with local agencies to provide resources to families.

3. Establish effective school-to-home and home-to-school communication.
    - Provide information for parents on homework policies and monitoring and supporting student work at home.
    - Send home student work for parent review and comment.
    - Allow access so families can frequently monitor their student's progress.
    - Clearly communicate school policies to all families.
    - Establish formal mechanisms for families to communicate to administrators and teachers as needed (e.g., phone numbers, e-mail addresses, weekly hours for families to call or meet).
    - Create a "suggestion or comment" box (electronic or onsite) for families to anonymously provide their questions, concerns, and recommendations.

4. Strengthen families' knowledge and skills to support and extend their student's learning at home and in the community.
    - Provide training and materials for parents on how to improve student's study skills or to learn in various academic subjects.
    - Provide information on community resources and activities that link to student learning skills and talents, including summer programs for students.

[42] http://www.csmonitor.com/USA/2013/0115/How-to-get-high-school-dropouts-into-recovery-Ideas-bloom-across-US

- Inform families of the high expectations and standards students are expected to meet.
- Engage families in opportunities to work with their students in setting their annual academic and career goals

5. Engage families in school planning, leadership, and meaningful volunteer opportunities.
   - Invite parents to be involved at the school, including Title One planning.
   - Identify family volunteer interests, talents, and availability, matching these resources to school programs and staff-support needs.
   - Create volunteer recognition activities such as events, certificates, and thank-you cards.
   - Host events which encourage interaction among parents.

6. Connect students and families to community resources that strengthen and support students' learning and well-being.
   - Through school-community partnerships, facilitate families' access to community-based programs (e.g., health care and human services) to ensure that families have resources to be involved in their student's education.
   - Establish local school-business partnerships to provide students with mentoring, internships and onsite, experiential learning opportunities.
   - Connect students and families to service-learning projects in the community.
   - Invite community partners to share resources at open houses or parent-teacher conferences.

Scheduled organized events for parents to attend throughout the school year include, but are not limited to, Back to School Orientation, celebratory holiday functions, college or career trips, school pride events and club events. A social events calendar is given to each family at the beginning of the school that outlines all social events to be held. Parents will be encouraged to attend as many events as possible. Parents are provided the academic calendar with upcoming dates for tests and other academic programming. Through the school's open door policy, parents can take the opportunity to establish a PTO, volunteer at the building, speak to students, or attend tutoring sessions or one-on-one meetings with their students. Parents are welcome and strongly encouraged to be supportive and actively involved in their student's individual career plan.

4. Discuss the community resources that will be available to students and parents. Describe any partnerships the school will have with community organizations, businesses, or other educational institutions. Specify the nature, purposes, terms, and scope of services of any such partnerships, including any fee-based or in-kind commitments from community organizations or individuals that will enrich student learning opportunities. Include, as **Attachment 7,** existing evidence of support from intended community partners such as letters of intent/commitment, memoranda of understanding, and/or contracts.

In addition to the community parties that will provide contracted career technical education services such as YouthBuild, ProTrain, FIT Technology, RightSkills, and DevMountain, and CDA Stars, FEHS will hire vendors that meet the emotional, behavioral, and social needs of the students. To offer behavioral, ELL, psychological, and other specialized education contracted services, FEHS will utilize PSI or similar contractor. PSI is an award-winning organization that has provided Special Education, and health needs to students. As outlined in the Community Engagement section of this application, FEHS will be meeting with community-based organization with the goal of developing nurturing and beneficial partnerships that will serve students.

Educational Program Capacity

1. For any school expected to open for the 2019-20 school year, identify the key members of the school and management team's leadership. Identify *only* individuals who will play a substantial and ongoing role in school development, governance and/or operation, and will thus share responsibility for the school and/or network's educational success. These may include current or proposed governing board members, school leadership/management, CMO management, and any essential partners who will play an important ongoing role in the school's development and operation.

   Describe the team's individual and collective qualifications for implementing the school design successfully, including capacity in areas such as:
   - School leadership, administration, and governance;
   - Curriculum, instruction, and assessment;
   - Performance management; and
   - Parent and community engagement.

Board of Directors

The Board will consist of five to seven dedicated members of the Indianapolis community who have a passion for education. The current four members offer experience in law enforcement and legal professions, church ministries, healthcare industry, nonprofit, education, finance, and family advocacy. They are currently providing direction and support during the initial development phase:

Chair, Jerrell M. Wiggins, Lebanon Patrol Officer and Paralegal at Powers Family Law has experience in law, business, and public service. Jerrell is a Paralegal assisting attorneys in managing caseload and drafting pleadings. He is also a Police Officer in Lebanon and has worked with the Indianapolis Police Department. Jerrell has worked as an independent Business Management Consultant and an Investment Specialist for various businesses in Indiana. He holds a Bachelors of Arts in Communication from Indiana University - Purdue University Indianapolis.

Vice Chair, Trent Williams, Assistant Professor at Indiana University is a professional educator with experience in innovative strategies and curriculum development, customer relationship, operations (efficiency) and talent. Trent is an Assistant Professor studying and teaching strategy and entrepreneurship at the Kelley School of Business at Indiana University. His focus is on a new venture and value creation under resource constraints, resilience, strategic management, overcoming obstacles in building a professional identity and entrepreneurial decision making. Trent has earned a Doctor of Philosophy in Entrepreneurship and Strategic Management from Indiana University.

Treasurer, Mary Douglass, CEO/ Founder of Infinity Financial Group has a financial management background and works directly with the student population teaching budget and finance classes. Mary has worked in finance for over 20 years at Westpoint Financial Group and currently owns Infinity Financial Group. She is passionate about providing youth with the education required to make sure that they do not go into debt. Currently, she works with Pike Township, Tindely Accelerated, Lawrence Central, and Northwest High Schools. She also has many invaluable ties to the community, including the Indianapolis Public Library, Community Health Network, and Hancock County Women's Resource Center.

Secretary, Tamela Ingram-Hamer, Founder of Mothers of Strength will connect the school with parent groups, young mothers, and the local community. Tamela founded Mothers of Strength to encourage young single mothers with positive support through guidance and information services.

As a single mother, Tamela understands the challenges that young mothers face. Tamela is the hospitality leader of the Christ Church Ministries and is a patient service coordinator for Clearvista Women's Care.

Leadership Team

The Board of Directors of Fusion Ed High School (FEHS) has contracted with Fusion Career Education, Inc., (Fusion Ed) to accomplish their mission. The FEHS mission is as follows: "We change lives by training students in certifiable skills that lead to promising careers." Our objective is that students graduate with a diploma AND an industry-recognized credential. We do this by combining academic programs and career training. Fusion Ed is a mission-driven Utah based charter management organization (CMO) authorized to do business in Indiana.

FEHS will benefit from an extraordinary team of professionals through Fusion Ed as their CMO. The leadership team will be instrumental in operating a school that is designed for fulfilling the mission. The following biographical summaries demonstrate a team with expertise in charter school management in the critical areas of 1) school leadership, administration, and governance including urban environments, 2) curriculum, instruction, and assessment, 3) performance management, and 4) parent and community engagement.

Chief Executive Officer - Jim Blair

As a CEO and Co-Founder of Fusion-Ed, Jim Blair's passion is creating incredible learning environments where technology helps to personalize career pathways, and hands-on training leads to certification and job placement. Before joining Fusion Ed, Mr. Blair worked as the Vice President of World Languages at K12 Inc., and he was the founder and CEO at Power-Glide. He brings a wealth of education management and startup experience to lead the team at Fusion-Ed. Jim possesses a B.A. in English from Brigham Young University where he was also active with the Association of Collegiate Entrepreneurs.

Chief Operations Officer – Bryce Johnson

Bryce Johnson's work in educational and corporate media has trained over half a million youth and adult learners. He has served as founder and chief operator of two organizations dedicated to excellent, engaging, effective content delivery, designing ways to integrate operational and information technology systems and apply them innovatively. Three of Mr. Johnson's children have or are pursuing alternative public education paths through middle and high school, and are a source of invaluable perspective on the social benefits of school choice and how to create high-quality options for families. Mr. Johnson earned a master's degree in media business and technology from The University of Southern California.

Chief Academic Officer – Dr. Mary Ann Schneider

As a life-long educational leader with a proven track record of transforming schools through collaboration, innovation, and emphasis on academic achievement, Dr. Schneider is charged with ensuring the academic success of each student who walks through the doors of FEHS. Prior to leading the academic program for all Fusion campuses, Dr. Schneider was a Dean at Notre Dame College's Finn Center for Adult Graduate and Professional Programs, The Chief Academic Officer for a network of inner-city charter schools, a Vice President and Superintendent for a network of K-12 Online Schools, and a member of the management team at three universities.

Director of Curriculum Development & Instructional Design – Stacey Murphy

Stacey Murphy possesses over fifteen years of combined teaching and management experience in education. She is an experienced trainer, Professional Development coordinator, online curriculum

developer, and a learning management system administrator. Ms. Murphy is charged with ensuring FEHS's compliance with standards, teacher adaptation of standards, and assisting teachers with enhancing the curriculum with student-centric resources. Ms. Murphy has previously served as an executive director of curriculum, instructional technology and training for a network of schools, an adjunct professor at Notre Dame College, a math teacher, and department chair at a private school. Her consulting firm allows for the sharing of best practices acquired throughout a stellar career.

Director of Assessments and Accountability, Karen Luehrman
Ms. Luehrman is an experienced instructional coach, curriculum developer, and assessment director with a demonstrated history of working in the education management industry. She currently serves as Director of Assessment of and Accountability at Life Skills High Schools. Karen has prior charter school leadership experience as Assistant Principal and Interim Principal at Life Skills campuses. She holds an MA in Instructional Leadership and MA in Secondary English degrees from Northern Kentucky University.

Director of Special Education, Denise Otteni
Ms. Otteni is the Director of Special Programs for Life Skills and possesses over 20 years of public education administrative experience. She has 12 years of experience serving as Director of Special Education for school districts. Denise has been responsible for ten consecutive years of IDEA compliance. Building leadership experience includes nine years of service as a high school principal.

Director of Operations – Robert Fox
Robert Fox is an experienced organizational leader and operations professional with a demonstrated history of working in the education management industry. Mr. Fox serves as a single point of contact for each school's leadership and staff. Charged with ensuring that each Fusion campus receives the resources it needs to excel academically and operationally, Mr. Fox possesses extensive experience in nonprofit organizations, managerial finance, customer service, team and organizational management, marketing and communications, as well as strategic planning. As a true believer in alternative education and lifelong learning, Mr. Fox understands that the school must be proficient at organizing training, development, and the team cultures necessary to achieve its goals and to drive competitive growth.

Controller – David Genet
David Genet is a career financial manager with extensive accounting and internal audit experience. Mr. Genet is not only charged with ensuring the financial sustainability of FEHS but providing all stakeholders the ability to make sound operational decisions. In addition to financial management of all Fusion campuses, Mr. Genet has served as an internal auditor for a multi-state law firm, worked with the state Department of Taxation as an auditor agent, and received two master degrees: forensic accounting and business administration. Mr. Genet believes that the role of finance is one of the three operational pillars that lead to a school's overall success: financial sustainability, student and community engagement, and academic success. With Mr. Genet managing the school's financial matters, educators can focus on providing individualized instruction.

Director of Government Relations & Strategic Partnerships – Yvonne Adkins
Ms. Adkins has over 18 years of experience working with school board governance and leadership to strategically plan operational growth and expansion. Ms. Adkins has worked with over 100 boards in multiple states to develop and maintain effective governance and compliance practices. Ms. Adkins works with board members from inception and continues to function as a strategic partner with the board, authorizer and other government-related entities. Ms. Adkins knows that

effective governance practices are critical to a school's performance, and therefore, provides board training and access to informational materials and document planning tools. Ms. Adkins attended the University of Akron in Ohio and American InterContinental University, where she graduated Summa Cum Laude with a Bachelor of Business Administration degree.

1. Describe the group's ties to and/or knowledge of the target community.

The Indianapolis community is familiar to all Board members who live or work in the city. The Board Chair, Jerrell Wiggins, is a long time resident of Indianapolis and is a Police Officer who works with the Lebanon Police Department. Tamela Ingram-Hamer, the Board Secretary, is a resident of Indianapolis and serves as a first lady, where her husband is the pastor at Living Word Ministries. Ms. Ingram-Hamer is an advocate for the community and started an organization to serve young single mothers. Mary Douglas, the Board Treasurer, teaches budget and finance classes and frequently works with local schools serving the target audience of at-risk students. Trenton Williams is an assistant professor at IU, teaching entrepreneurship and business and he understands the community and the need for the school in Indianapolis.

Leadership team members have connections to Indianapolis and the target population of at-risk students. The Founding Team has worked with charter organizations in the city of Indianapolis and nurtured relationships with significant civic and community organizations including the Indianapolis Metro Chamber of Commerce, the United Way, Mind Trust, IFF, Urban League of Indianapolis, Teach for America, and other local schools and service providers. Leadership Team members have a combined total of almost 120 years of experience serving at-risk, high school, and dropout recovery students.

2. Describe the operator's current or planned process for sourcing and training potential school leaders for schools opening in subsequent years. Explain how you have developed or plan to establish a pipeline of potential leaders for the network as a whole. If known, identify candidates already in the pipeline for future positions.

Principal Fellow Program
Fusion Ed has inaugurated an innovative fellowship program designed to train, challenge and strengthen exceptional, early career principals for schools opening in subsequent years. Fusion Ed takes seriously its responsibility to place the best of the best school leaders on its campuses. The goal is to develop a strong leader who is ready for the challenges of leading a career tech focused drop out recovery school in the future. The 8-month fellowship features daily, on-site shadowing of highly-successful Principals in the Fusion Ed network. In real-time, the Fellow will observe the routine/non-routine interactions of a Principal. Executive coaching sessions will routinely occur each month to solidify the learning of the on-site shadowing. These sessions will include face-time meetings and phone conferences in which the Fellow will discuss relationships, curriculum, and instruction and the school culture. At the end of the program, the Fellow will become the Principal at an available high school. The following is the detailed intensive training that will create a Fellow for Fusion Ed who is mission-driven and prepared to administer the education model.

The first two months of training for the Fellowship is conducted at various Fusion Ed campuses. The final five-six months is spent "on-the-ground" in the city where the new school is located. Once on the ground, the Fellow will create and cultivate community relationships and work with the Founding Team and Board of Directors at the new school. In addition to the hands-on training, the Fellow will receive formal education and training. There is required reading of several books as a part of the development process. The program prepares Fellows to execute on common design

elements of rigor, time, culture, talent, and data use. It is specifically designed to prepare an individual to think, see, decide, manage, and execute as an effective instructional leader in an urban charter school. Content includes the following elements:

- Developing a leader's mindset, lens, and voice
- Managing strong adult culture by equipping and inspiring adults to perform effectively
- Setting appropriate school culture, including arrivals, transitions, thresholds, discipline and classroom systems
- Delivering effective instruction, including curriculum, rigor, classroom routines and procedures, and assessment

Specific classes may include the following sessions: 1) Assessment and Data Analysis, 2) Calendars, Schedules, and Action Plans, 3) Leadership Voice and Low/High Stress, 4) Coaching Adults, 5) Coaching Parents and Students, 6) Mission, Values, and Vision, 7) Ensuring Instructional Excellence, 8) Leadership Self-Awareness, 9) Crucial Conversations and Giving Feedback, and 9) Recruitment, Hiring, and Maintaining Talent.

3. Identify any organizations, agencies, or consultants that are partners in planning and establishing the school, along with a brief description of their current and planned role and any resources they have contributed or plan to contribute to the school's development.

The Board of Directors, FEHS Founding Team, Leadership Teams at Fusion Ed, and Career Technical Education partners, and local service providers all previously named and described in the application will contribute to the school's development.

4. Identify the principal/head of school candidate for each school projected to open in 2019-20 and explain why this individual is well-qualified to lead the proposed school in achieving its mission. Summarize the proposed leader's academic and organizational leadership record. Provide specific evidence that demonstrates capacity to design, launch, and manage a high-performing charter school. If the proposed leader has never run a school, describe any leadership training programs that (s)he has completed or is currently participating in. Also provide, as **Attachment 8,** the resume and professional biography for this individual. Discuss the evidence of the leader's ability to effectively serve the anticipated population.

   If no candidate has been identified, provide the job description or qualifications and discuss the timeline, criteria, and recruiting and selection process for hiring the school leader.

The position of the school leader is paramount to the success of FEHS. Attachment 8 contains the full job description of this role. The Principal will be a Fellow in the Principal Fellow Program and will be hired in the fall 2018 or approximately eight months before the school is due to open. The Principal professional training will begin at existing schools with the individual being prepared to begin on-the-ground start-up work to open the school five-six months before the campus opens. Included in Attachment 21 is a detailed start-up plan of activities.

The Principal will effectively lead and manage FEHS in conformity with the philosophy and policies adopted, the rules of the governing Board, State Board of Education, the provisions of law, directives of the Fusion Ed, CEO, and COO as well as sound administrative practice. The role directly supervises all personnel assigned to the building. Areas of responsibility include Operations, Personnel, Curricular & Co-Curricular Programs, Student Services & Supplementary Programs, Physical Plant, Finance, Pupils, Parents/ Guardians, and Community Outreach. A Bachelor's degree

is required at a minimum with a Master's degree or higher preferred. A state Principal licensure/certification is preferred. The candidate will possess at least three years in a supervisory or management role; have the ability to lead staff and effectively communicate his/her vision for the school; and project a strong ability to gather, analyze, and interpret student data to make sound educational decisions. The ability to work in a diverse educational community setting, understanding the community and student demographics especially as it pertains to at-risk students and the critical need for career and training opportunities for the dropout recovery student population.

5. Describe the responsibilities and qualifications of the school's leadership/management team beyond the principal/head of school. If known, identify the individuals who will fill these positions and provide, as **Attachment 9,** the resumes and professional biographies for these individuals. If these positions are not yet filled, explain the timeline and process for recruitment and hiring, and provide the job description or qualifications for these positions.

The current school leadership/management positions are all filled positions and include the following roles listed below. The complete job descriptions and resumes of team members are included in **Attachment 9_Leadership Resumes_Bios**. Any additional school leadership and management positions will be filled before the school opens.

Chief Academic Officer/Superintendent – Dr. Mary Ann Schneider. This position plans and coordinates school intervention, remediation, and tutorial programs/classes as well as oversees the Response to Intervention (RTI) process and identifying students eligible for appropriate remediation services. The CAO/Superintendent facilitates Teacher Based Teams (TBT) and the Professional Learning Community (PLC) and reviews and tracks quarterly attendance and academic progress of students being served in remediation, intervention and tutorial programs to determine progress and the need for adjustments. The role assists with data collection and analyses of national, state and local assessment data for the school, to individual student achievement and the improvement of instruction.

Director of Curriculum and Instruction Design – Stacey Murphy. The role works closely with the CAO/Superintendent and leads in the development and maintenance of a positive, coordinated educational program designed to meet the needs of all FEHS students. The role is key as a facilitator in training faculty regarding their course materials and instructional pedagogies, and reviews curriculum courseware. Additionally, the Director manages the development of curriculum materials for both online and face-to-face delivery of courses especially as to their core content and state standards require and guides the administration team through the development, implementation, and evaluation of curriculum and instruction.

Director of Assessment and Accountability (DAA) – Karen Luehrman. The DAA will provide organization-wide leadership and direction in the management of FEHS student data to ensure compliance and accountability to federal and state regulatory authorities. This individual will work closely with the CAO/Superintendent on all key aspects of data collection, reconciliation, and compliance reporting on behalf of all FEHS data and compliance information. Assist CAO/Superintendent in Professional Development, all State Testing, and other duties as assigned by the CAO/Superintendent.

Director of Special Education (DSE) – Denise Otteni-Jones. The DSE assists the Chief Academic Officer/Superintendent and school leadership staff by effectively educating Special Education students in conformity with the philosophy and policies adopted by the rules of the governing Board, State Board of Education, the provisions of law, directives of the CAO/Superintendent– and sound administrative practice. Responsibilities include oversight and development of innovative Special Education services to meet diverse student needs and ensure quality education and compliance.

Director of Human Resources (DHR) - Under the general supervision of the Principal, the DHR is responsible for sourcing, screening, recruiting, interviewing, testing, and recommending qualified candidates for positions.

Director of Operations (DO) – Robert Fox. The DO is responsible for the oversight of the customer accounts with the FEHS. The DO is also responsible for the training and guidance of new employees and oversight of board relation managers and/or consultants.

Director of Enrollment (DE) - The DE will develop, execute, monitor, and manage aspects of the enrollment processes for FEHS by providing oversight, direction, initiative, and guidance to school level employees and external call centers/ firms. The role ensures compliance with policies and regulations outlined by Fusion Ed and the Department of Education. The DE will work for hands-on and provide leadership by guiding, assisting and supporting all enrollment activities.

Controller–David Genet. This position will report to the CEO and CAO/Superintendent and will act as a valuable resource for the school's growth. The Controller is responsible for the management of the financial reporting and control services platform for the organization. The position is directly responsible for financial accounting, internal and external reporting, as well as financial consolidation. The role also provides oversight to the development of processes, policies, and controls to ensure the financial integrity of business reporting and achievement of financial goals. The Controller will interact with other members of the management team on a regular basis.

Director of Government Relations & Strategic Partnerships – Yvonne Adkins
The position will be instrumental in enhancing communication between the Board of Directors, Fusion Ed, Ball State University and the Department of Education to ensure needs are met, and compliance is maintained, during development and throughout the contract. The role will work closely with the Board and school leadership to develop service and funding partnerships in the community.

6. Explain who will work on a full-time or nearly full-time basis immediately following assignment of a location to lead development of the school(s) and the plan to compensate these individuals.

Fusion Ed High School (FEHS) has established a strong Founding Team as referenced herein. The school has contracted with Fusion Ed as the CMO and Yvonne Adkins an experienced Government Relations and Strategic Partnership (GRSP) works to assist with the development and implementation of the school. The school's GRSP is working together with the Board and the CMO to ensure appropriate skills, talents, and expertise are secured as needed to open the school on time and budget. Fusion Ed, as the CMO, also brings significant expertise in the area of building development and charter management. The school's GRSP is working diligently with the Board to locate the best location for the school's facility. Upon approval of the charter application and execution of the charter contract, the facility will be secured, and buildout will begin. The

community engagement plan will continue as will the recruitment and hiring of talent. The marketing and brand awareness campaign necessary to gain the recognition and enrollment will proceed as scheduled with the intent to follow the Principal Fellowship Program timeline and have the trained leader on the ground to assist in the partnership development and recruitment with the GRSP six (6) months before the school's opening day.

Fusion Ed, as the school's CMO, will advance all start-up expenditures including, staffing and costs, facility and equipment expenses and professional fees through a non-interest bearing loan. Fusion ED will not begin accepting reimbursement for said advance until the school is receiving regular funding and is in a position to begin repayment.

Section 2. Operations Plan & Capacity

Provide the following information about the organization or network growth plan and capacity to carry out that plan with quality and integrity.

Network Vision, Growth Plan, & Capacity

1. Describe the organization or network strategic vision, desired impact, and five-year growth plan for developing new schools in Indiana and other states, if applicable. Include the following information, regardless of school location: proposed years of opening; number and types of schools; any pending applications; all currently targeted markets/communities and criteria for selecting them; and projected enrollments.

Fusion Ed High School (FEHS) has a strategic vision to provide an individualized academic and career learning plan to students of the east side of Indianapolis and provide this community's at-risk high school aged students, through rigorous academic and career based instruction, the ability to graduate with a diploma and at least one industry recognized credential of their choice, so that they may increase and enhance their opportunities for a successful future.

As stated herein, the mission of Fusion Ed High School (FEHS) is as follows: "We change lives by training students in certifiable skills that lead to promising careers." Our objective is that students graduate with a diploma AND an industry recognized credential. We do this by combining academic programs and career training. The Board of Directors of FEHS has contracted with Fusion Career Education, Inc., (Fusion Ed) to accomplish this mission. Fusion Ed's mission states that they change lives by training students in certifiable skills that lead to promising careers. This directly aligns to what the Board Members want to accomplish at FEHS.

Fusion Ed is a Utah based charter management organization (CMO) authorized to do business in Indiana. The CMO manages seven (7) dropout recovery/dropout prevention career technical high schools in Ohio beginning in the 2018-2019 school year. The CMO implemented the career and technical programs for these schools prior to taking on full management of the operations. This past year, Fusion Ed worked to streamline processes, redefine the academic programming and improve operations at the Ohio schools. FEHS will be their first start up Indiana school. Fusion Ed is working with FEHS to start one school in Indianapolis and will only consider future growth when the enrollment has outgrown the school's capacity or at a time wherein the community shows an interest in expanding the FEHS program to a secondary location. Until this time, FEHS and Fusion Ed, as its partner CMO, are only planning to open this school as applied for in Indianapolis, Indiana. The projected enrollment is 130 students growing to a maximum over 5 years to 200 students.

There are no Fusion Ed applications existing in any other areas with any other Authorizers.

2. If the existing portfolio or growth plan includes schools in other states, explain specifically how Indiana fits into the overall growth plan.

FEHS and Fusion Ed are working together to open one school in Indianapolis, Indiana. As stated herein, the Fusion Ed network currently operates seven (7) schools in Ohio. This school will be a Fusion Ed network school and will replicate the educational model and improvements made at these Ohio dropout recovery/dropout prevention at-risk career technical focused high schools. After the school is open and the students are progressing through the program successfully, students and parents may request additional seats. FEHS will consider further growth in the State of Indiana, if and when there is a proven community need.

3. Provide evidence of organizational capacity to open and operate high-quality schools in Indiana and elsewhere in accordance with the overall growth plan. Outline specific timelines for building or deploying organizational capacity to support the proposed schools.

Fusion Ed is an experienced charter management organization with the capacity to fully operate a high-quality school in Indiana. They have proven success in operating career and technical focused dropout recovery schools and currently manage seven schools in Ohio. Fusion Ed has worked diligently to improve the schools' culture, performance, and career and technical partnership opportunities for the students attending these campuses throughout Ohio. The network leadership team will be instrumental in creating and administering a school that is designed to fulfill the mission. Team members are equipped with expertise in charter school academic and non-academic areas of back-office services in the critical areas of 1) school leadership and administration including urban environments, 2) curriculum and instruction, 3) performance management, 4) enrollment, 5) parent and community engagement, 6) assessments and accountability, 7) governance, 8) finances, 9) facilities and operations, 10) technology and data management, 11) fund development, and 12) purchasing. All leadership team members have a combined total of almost 120 years of experience serving at-risk, high school, and dropout recovery students.

The Board of Directors currently consists of four Indianapolis community leaders who are passionate about providing educational alternatives for at-risk students. The current members offer experience in law enforcement and legal, education, finance, and family advocacy.

The network has successfully begun to develop and nurture relationships with community organizations such as the Mind Trust, IFF, various community development organizations, churches, Urban League of Indianapolis, Indianapolis Metro Chamber of Commerce, Teach for America, and others. Career Technical Education partners are solidified and include DevMountain, ProTrain, RightSkill, Cdastars, and FIT Technologies with more to follow such as YouthBuild. The network's Principal Fellowship Program will assure that an exceptional, trained, and experienced leader assumes the role of Principal at FEHS.

Fusion Ed is fully prepared to replicate the successful efforts in Ohio by operating a school that will offer an opportunity for a productive life for students in Indianapolis.

4. Discuss the results of past replication efforts and lessons learned – including particular challenges or troubles encountered; how you have addressed them; and how you will avoid or minimize such challenges for the proposed schools.

FEHS is the Board of Director's first school and will be Fusion Ed's first Indiana school. Because of this, the Board and the CMO want to plan for one school at a time and ensure that the campus has completed all start-up challenges and is operating smoothly before planning for an additional location. Both parties believe that planned strategic growth is best for the Board, the organization, and most importantly the students.

5. Discuss the greatest anticipated risks and challenges to achieving the organization's desired outcomes in Indiana over the next five years and how the organization will meet these challenges and mitigate risks.

School development is challenging as there are many components that must be addressed simultaneously. During the development of a new school, the educational program needs are combined with the business requirements necessary to begin operations. The key to success is closely monitoring the entire development, from securing the building through lease or purchase to working with facility improvements, hiring great staff and teachers, and building strong community relations and student enrollment. All major tasks are intertwined and must begin timely and be monitored along the timeline. A challenge that is consistent in Fusion Ed existing schools is also expected to occur in FEHS as well, which is recruiting great high-quality teachers. Charter schools and public education districts as a whole are struggling to hire and retain strong teachers. To counteract these challenges, Fusion Ed will begin recruitment early, pay a competitive wage, and offer an extraordinary amount of support and Professional Development. We have to build a team of educators who work together for the good of students.

Another challenge is recruiting students and retaining enrollment throughout the year. The at-risk population is transient with many competing responsibilities. Therefore, we need great teachers to keep students engaged and returning to the building to work toward success. Fusion Ed believes that the inclusion of the Discovery Lab in the school's model is a helpful answer to many of these challenges because it engages students immediately and helps them to see that there is someone in the building that cares about their personal success. FEHS will present teachers that work with students on an individualized career plan – created just for their success – to ensure they get what they need out of the program. We will demonstrate that students' time is well spent toward earning the credits required to achieve their goals. Individualized planning and one-on-one attention will assist with retaining student enrollment.

6. Provide, as **Attachment 10**, the organization's annual reports for the last two years and any current business plan for the organization or network.

FEHS Board of Directors is newly created, so there is no annual report or business plan for the organization. Fusion Ed does not have any annual reports or business plan, so there is **no applicable Attachment 10**.

However, all schools managed by Fusion Ed do have annual audits, and Fusion Ed's audited financial reports are included in **Attachment 28**.

Network Management

1. Identify the organization's leadership team and their specific roles and responsibilities.

The Fusion Ed High School (FEHS) is governed by a Board of Directors as stated herein, and through their selected charter management organization, Fusion Career Education, Inc. (Fusion Ed), daily operations will be managed to allow the Board to review the goals and progress made toward those goals while avoiding the need to be involved in the day to day implementation. The Board will be provided detailed reports of performance and progress by the Fusion Ed Leadership Team consisting of the following experienced professionals:

Jim Blair, CEO; Bryce Johnson, COO; Dr. Mary Ann Schneider, CAO/Superintendent; Stacey Murphy, Director of Curriculum & Instruction; Karen Lurehman, Director of Assessment and Accountability; Denise Otteni-Jones, Director of Special Education; Robert Fox, Director of Operations; David Genet, Financial Controller, and Yvonne Adkins, Governmental and Strategic Partnership Director.

Snippets of their bios are listed in the application. The Board of Directors and Leadership Team resumes are included in **Attachment 1**. Full job descriptions of the Fusion Ed positions are included in **Attachment 9** with a Principal description of the individual to be hired included in **Attachment 8**.

2. Explain any shared or centralized support services the network organization will provide to schools in Indiana. Describe the structure, specific services to be provided, the cost of those services, how costs will be allocated among schools, and specific service goals. How will the organization measure successful delivery of these services? (In the case of a governing board proposing to contract with a management organization, service goals should be outlined in the term sheet and draft contract which will be provided in **Attachment 16**).

The Fusion Ed High School (FEHS) governing Board of Directors is the charter holder and oversight entity for the school. FEHS has contracted with Fusion Ed to provide daily operations and management at the building so that they may focus on the governance and oversight responsibilities. The Fusion Ed leadership team is comprised of years of expertise in the traditional and charter public education, business, operations, and financial arenas. The management agreement entered into between the parties provides for the alignment with the charter contract goals, implementation of the educational model and operational services relating to the model. Such services include the following 15 duties and responsibilities in exchange for 15% of the school's total revenue:

1. Curriculum, Instructional Design, and Educational Philosophy
2. Talent Acquisition
3. Human Resources Administration
4. Executive Leadership, Supervision, and Professional Development
5. Financial Management
6. State Data Reporting
7. Payroll and Benefits
8. Grants Management and Fundraising
9. Centralized Purchasing
10. Board Governance Services
11. Marketing and Community Outreach
12. Technology Administration
13. Food Service Management
14. Transportation Management
15. Facility Acquisition and Management

The Fusion Ed leadership team offers an exceptional level of expertise in academic and non-academic areas of back-office services including financial management, teacher and student recruitment, admissions, transportation, purchasing, technology, governance, facility management, fund development, and data management. These back-office services are detailed in the management agreement and are being successfully implemented at all seven campuses in Ohio.

3. Using the table below, summarize school- and organization-level decision-making responsibilities as they relate to key functions, including curriculum, professional development, culture, staffing, etc.

As indicated below, many of these functional areas have decision making input and involvement from both the leadership level as well as the school level. At FEHS, while the contract dictates the goals and the primary curriculum to be used at the school, assessment data and Professional Development topics are both reviewed, and needs are determined through the collaboration of the teams at school and network levels. Culture expectations are set at the network level, and individual school level decisions are made to ensure expectations may be achieved on a daily basis. The Board of Directors provides guidance and oversight, Fusion Ed provides collaborative management, and the school level leadership team implements a high performing daily educational program. This collaborative approach leads to successful outcomes.

Function	Network/Management Organization Decision-Making	School Decision-Making
Performance Goals	x	
Curriculum	x	
Professional Development	x	x
Data Management and Interim Assessments	x	x
Promotion Criteria		x
Culture	x	x
Budgeting, Finance, and Accounting	x	x
Student Recruitment		x
School Staff Recruitment and Hiring		x
H/R Services (payroll, benefits, etc.)	x	
Development/ Fundraising	x	
Community Relations	x	x
I/T	x	
Facilities Management	x	
Vendor Management / Procurement	x	
Other operational services, if applicable	x	x

4. Provide, as **Attachment 11**, the following organization charts:
   a. Year 1 network as a whole (including both network management and schools within the network)
   b. Year 3 network as a whole
   c. Year 5 network as a whole
   d. Year 1 school-level organization chart for the proposed 2019-20 school
   e. School-level organization chart at full expansion for the proposed 2019-20 school.

The organization charts should clearly delineate the roles and responsibilities of – and lines of authority and reporting among – the governing board, staff, any related bodies (such as advisory bodies or parent/teacher councils), and any external organizations

that will play a role in managing the schools. The school-level organization charts should likewise present clear lines of authority and reporting within the school. If the school intends to contract with an ESP, clearly show the provider's role in the organizational structure of the school. Explain how the relationship between the governing board and school administration will be managed.

See **Attachment** 11_Organizational Charts.

Governance

Legal Status and Governing Documents

Describe the legal status of each proposed school, including whether the entity proposing to hold the charter is already incorporated as a nonprofit and whether you have obtained federal tax-exempt status. Provide the following in **Attachment 12**: a copy of the Articles of Incorporation for the entity proposing to hold the charter (if filed), proof of non-profit status and tax-exempt status (or copies of your filings for the preceding items), as well as copies of the proposed board bylaws and policies. As **Attachment 13**, provide a completed and signed Statement of Assurances.

Governing Board

1. Explain the governance philosophy that will guide the board, including the nature and extent of involvement by key stakeholder groups.

The Fusion Ed High School (FEHS) Board of Directors (the (Board) is the governing entity and the decision-making authority. Fusion Career Education Inc. (Fusion Ed), as the charter management organization (CMO) and the Principal, as the head of school, will report directly to the Board and be accountable for providing timely and accurate information to the Board on a continuous basis.

The Board is responsible for the direction and ensures the organization stays true to its mission and vision. The Board is responsible for oversight and ensures that the school is compliant with rule and law. The Board is responsible for ensuring the overall fiscal and operational health of the organization and ensures the school has necessary resources. The school has sought local community members who offer diverse backgrounds and skills that are beneficial to the Board from the following sectors: local religious organizations, K-12 public education, higher education, communications/marketing, legal, public service, and financial and business backgrounds.

The FEHS Board consists of individuals with a passion for education who work and/or reside in Indiana. The goal is to continue to seek additional Board members who also believe in the mission and vision of the school. FEHS is using professional and personal networks to identify and recruit diverse Board members from a spectrum of fields, including non-profit, operations, human resource, law, education, philanthropy, and finance. The FEHS Board has also adopted standing committees as identified in the attached Bylaws consisting of a Governance Committee, a Finance/Audit Committee, and an Educational Committee. These committees will consist of Board members and non-Board constituents such as the operator, local expertise, counsel, or others.

FEHS will also provide for a Parent Teacher Organization and a Student Council. These stakeholder groups offer perspective to school-related issues and bring value to daily operations. The FEHS Board of Directors always maintains compliance with open meetings laws and will allow for time at regular Board meetings wherein committees and stakeholders may report on various items and address the Board with concerns.

2. Describe the governance structure at both the network and individual school levels.

a. Will each school/campus have an independent governing board, or will there be a single network-level board governing multiple schools? If there will be a network-level board, discuss the plan for satisfying the statutory requirement that a parent of a child at each school serve on the governing body.

FEHS has an independent Board of Directors. FEHS has been established as a new Indiana nonprofit corporation. The organization is a state-recognized nonprofit and has retained counsel to begin the application for federal 501c3 status recognition upon approval by Ball State University as the school's Authorizer. The Articles of Incorporation and Certificate of Incorporation are included with the Board's Bylaws as **Attachment 12_Certification_Articles_Bylaws**. Even though it is not required in the state of Indiana, our Board consists of a parental presence, and we will work to assure this important voice is heard.

As required, **Attachment 13_Signed Assurances** includes a completed and signed Statement of Assurances.

b. Describe the size and composition (current and desired) for each board. Explain how the proposed governance structure and composition will help ensure that there will be active and effective representation of key stakeholders.

FEHS Board of Directors will strive for a five (5) to seven (7) member Board to help ensure adequate skills and talents are on the Board and to encourage appropriate communication, availability, and involvement necessary for effective Board governance work related to the School. The Board will ensure diverse backgrounds, talents, and expertise are represented on the Board at all times. When considering new members, the Board will review the professions and experience currently represented, and recruit for additional interest and expertise.

c. Discuss the powers and duties of the governing board(s). Identify key skills, areas of expertise, and constituencies that will be represented on the governing board(s).

In order to effectively govern the school by setting direction, policy, providing oversight and ensuring the necessary resources, the Board must ensure it encompasses officers and an effective committee structure. The Board has a Chair, Vice Chair, Secretary, and Treasurer, as well as active standing committees including a Governance Committee, Finance/Audit Committee and Education Committee. There may be additional committees formed and active during different times of the year based on need. Such committees could review communications, various projects, advocacy, etc. While the Board is formed, it is still searching for additional skills and expertise. As stated herein, the ideal size for the FEHS Board of Directors is five to seven members. Currently, the Board strongly represents the community with representation in the area of local religious organizations, nonprofit organizational leadership, and operations, higher education, public and charter school education, public service as well as financial and business expertise.

d. Explain how this governance structure and composition will help ensure that a) the school will be an educational and operational success; and b) the board will evaluate the success of the school and school leader.

As stated herein, the FEHS Board is not yet fully formed and is still searching for additional skills and expertise. However, the current composition of the school Board has involvement in working in education, nonprofit, finance, and public service. The Board has the experience it needs to oversee its CMO and the daily operations of the school.

The Board will evaluate the CMO based on its goals as established in the Charter Contract. The management agreement very distinctly represents that the CMO will meet the requirements as stated in the Agreement and the Charter, and the Board will evaluate the CMO on these results. The Principal will be formally evaluated by the CAO/Superintendent of the school through the RISE evaluation process, and this will also be included in the evaluation process.

3. List all current and identified board members and their intended roles (adding rows as needed).

Full Name	Current Job Title and Employer	Position
Jerrell Wiggins	Patrol Office, Lebanon Police Department	Board Chair, Fusion Ed High School
Trent Williams	Assistant Professor, IU	Board Vice Chair, Fusion Ed High School
Mary Douglass	CEO, Infinity Financial Group, Inc.	Board Treasurer, Fusion Ed High School
Tamela Ingram-Hamer	Founder, Mothers of Strength	Board Secretary, Fusion Ed High School

Summarize members' interests in and qualifications for serving on the school's board. In **Attachment 14**, provide a completed and signed Board Member Information Sheet for each proposed Board member. Include resumes and professional biographies where needed (if a board member's resume is attached elsewhere in this application, state so on the Information Sheet).

As stated in the application, the FEHS Board is made up of interested community members who want to provide a better opportunity for students to earn a high school diploma and career training and industry recognized credential in the Indianapolis area. **Attachment 14_Board Information_COI Sheets** contains completed Board Member Information Sheets, while resumes or bios for each of the above-named Fusion Ed High School Board Members are included in **Attachment 1**.

4. If the current applicant team does not include the initial governing board, explain how and when the transition to the formal governing board will take place.

This application is being submitted by Fusion Ed High School, which is an independent Indiana non-profit entity authorized to do business in the State of Indiana. See **Attachment 12** for the entities Articles of Incorporation, Certificate of Incorporation and Bylaws.

If this application is being submitted by an existing non-profit organization:

a. Will the charter ultimately be held by the existing non-profit or a different non-profit board? If the latter, explain the transition.

The charter, upon approval, will be held by Fusion Ed High School, the applicant entity.

b. If the existing board will govern the proposed school(s), discuss the plan to transform that board's membership, mission and bylaws to bylaws to support the

charter school expansion/replication plan. Describe the plan and timeline for completing the transition and orienting the board to its new duties.

Fusion Ed High School is applying to open one career technical 9-12 focused dropout recovery and prevention high school in Indianapolis, Indiana.

c. If a new board will be formed, describe how and when the new board will be created and what, if anything, its ongoing relationship to the existing non-profit's board will be.

N/A

5. Explain the procedure by which board members have been and will be selected. How often will the board meet? Discuss the plans for any committee structure.

The Fusion Ed High School (FEHS) Board of Directors has been established, and additional membership is currently being sought. Members were connected through individual professional and personal networks throughout the City of Indianapolis. Diverse individuals have come together with a common interest in serving the target population of the school. As discussions have been held regarding the mission of the school, additional interest and support for FEHS have grown. It is the intent of the Board and the CMO that this interest and awareness will increase over the coming months to further gain the support of the community.

The Board will meet every other month initially until the school is established. During the development process, and after that, Board orientation is important to the school's overall mission-driven, oversight and success. The FEHS Board believes that the orientation process is an essential process to ensure strong Board performance. Each prospective Board member candidate provides a resume or bio to the organization, and this is distributed and reviewed by the Board's leadership. Board member candidates are invited to meetings and can ask questions and assure that the mission and vision are in alignment with their beliefs.

It's important to ensure that all members are committed to the mission, vision, to the Board and to the school to ensure that they are engaged and stay involved. Board members are expected to participate on at least one of the committees, which initially consisted of standing committees:

Governance Committee
Finance/Audit Committee
Education Committee

And may include additional committees a may pose beneficial throughout the year, such as a project-based committee, a communications committee, advocacy committee, etc.

6. Describe the board's ethical standards and procedures for identifying and addressing conflicts of interest. Provide, as **Attachment 15**, the board's proposed Code of Ethics and Conflict of Interest policy.

Identify any existing relationships that could pose actual or perceived conflicts if the application is approved; discuss specific steps that the board will take to avoid any actual conflicts and to mitigate perceived conflicts.

The Board has no actual or perceived conflicts. The Board members take their roles very seriously and have adopted a conflict of interest policy which includes a statement of assurance to be completed annually. See Conflict of Interest Policy and Code of Ethics as included in the Board's Bylaws in **Attachment 15_COI Policy_Code of Ethics**.

7. Describe plans for increasing the capacity of the governing board. How will the board expand and develop over time? How and on what timeline will new members be recruited and added, and how will vacancies be filled? What are the priorities for recruitment of additional board members? What kinds of orientation or training will new board members receive, and what kinds of ongoing development will existing board members receive? The plan for training and development should include a timetable, specific topics to be addressed, and requirements for participation. If there will be a network-level board, identify any board development requirements relative to the organization's proposed growth and governance needs.

Fusion Ed High School (FEHS) will strive to maintain an active and engaged five (5) to seven (7) member board to ensure adequate skills and talents are on the board and to encourage regular communication, availability, and involvement for necessary board governance work related to the school. The Board will ensure diverse backgrounds and skills are on the Board at all times. When considering new directors, the Board will review the professions and experience currently on the board and recruit for additional interest and expertise. Consideration should be made to include the following experience: nonprofit governance, education; financial; operational; legal; human capital; community involvement; and parental point of view and expertise.

In the recruitment stage, a prospective Board member candidate will be required to submit a resume and a clear background check. The candidate will receive an overview of the school and the Charter Contract as well as financial and academic performance information. The candidate will receive a Statement of Expectations, Conflict of Interest Policy and Disclosure Statement and a Board meeting schedule to help them determine that they can make the required commitment to the Board. If the prospective candidate is interested, they meet with the Board Chair and school leadership. They attend a board meeting and may be invited to join the board if and when there is an open position. Preparation, orientation, and training of each Board member are critical to the board's long-term effectiveness. The Board shall encourage each new member to understand the functions of the board, acquire knowledge of matters related to the operations of the school and learn board procedures.

The Board schedules training annually and may include a review of academic data, financial review, knowing your charter, federal programs requirements, etc. Training may be held during the school's annual meeting, and initial training materials are also viewed online. The Board members have access to www.MyBoardButler.com, and through this board portal, training is accessible on key initial information including Board Member Orientations, Open Meeting Requirements, Roberts Rules of Order, Ensuring Financial Oversight, Governance Responsibilities, etc. The board will participate in initial training during the planning year and will investigate additional opportunities for development in addition to working with Ball State University and Fusion Career Education Inc., to determine ongoing training requirements.

8. Provide copies of background checks for all potential board members.

As confirmed with the Office of Charter Schools for Ball State University, board background checks will be completed and provided to the Office upon approval of the application.

Advisory Bodies

Describe any advisory bodies or councils to be formed, including the roles and duties of that body. Describe the planned composition of the advisory body; the strategy for achieving that composition; the role of parents, students, and teachers (if applicable); and the reporting structure as it relates to the school's governing body and leadership.

In addition to input, influence, feedback and counsel from the school's Leadership Team and teacher based teams offering recommendations on program and student performance, the school also offers the ability to establish a Parent-Teacher Organization and a Student Council to ensure there is influence and communication with both parents and students enrolled at the school.

Fusion Career Education Inc. (Fusion Ed) and Fusion Ed High School (FEHS) also benefit from the commitment of an advisory board with expertise available for consult and advice on the School's direction and progress. Fusion Ed is driven to dramatically change the lives and trajectories of students by integrating workforce training with high school graduation. Fusion Ed's goal is that every student graduates with a high school diploma and an industry-recognized credential to qualify for a good job in his or her chosen field. Because there is no more important cause in all of education, and because Fusion Ed schools need to be excellent in all processes and procedures, the Advisory Board consists of the best thinkers and practitioners catalyzing influence that pushes the school's performance to new heights.

The Advisory Board currently consists of the following personnel:

1. Mike Wood is the Founder of LeapFrog, which was the #1 performing stock on the NYSE in 2004. Mike has been a long time business partner and supporter of Fusion Ed efforts. He is also a very creative product developer.

2. Kay Merseth is a Senior Lecturer at the Harvard School of Education. A beloved professor across the entire campus, Dr. Merseth has a deep appreciation for well-run charter schools and preaches passionately for the need for educational excellence.

3. Mike Bouwhuis is President of Davis Technical College and a national leader in competency-based education. An extraordinarily gifted administrator, his ability to partner with industry sets him apart. His school's job placement rate is among the best in the nation.

4. Thomas Peterson is a long-time advisor to Fusion Ed. Tom brings a thorough understanding of the Fusion Ed model and mission. He possesses a Harvard MBA and spent six years as a senior executive for Trammell Crow Company, then widely recognized as a leader on commercial real estate development and investment. For ten years, Tom has brought innovation to BYU as a professor of the commercial real estate and entrepreneurship, where the new ventures program is nationally ranked among the top 10.

The Advisory Board will meet throughout the year in person and through telecommunications and will include communicating in writing. The Board members will share information and will champion the school's cause as advocates, providing guidance, expertise, and recommendations as beneficial to the campus.

Grievance Process

Explain the process that the school will follow should a parent or student have an objection to a governing board policy or decision, administrative procedure, or practice at the school.

Community feedback, critiques, and complaints, whether written or verbal, will be taken seriously by FEHS and will be dealt with promptly. The school will operate an open door policy. Parents can schedule meetings with teachers and the Principal to address concerns at any time through the Office Manager.

Issue resolve should start at the individual level, such as the classroom teacher level. If a parent/student issue is not resolved there, it may be brought to the Principal level. A student or parent may file a written complaint that should be submitted to a teacher or the Principal. If the matter cannot be resolved informally by the teacher or the Principal, the steps in resolving the complaint should adhere to the Board's Complaint Policy and Procedures.

Initially, complaints should be addressed formally or informally with the school personnel in a civil, respectful manner in order to be considered by school personnel. To file a complaint with the Principal, the complaint must be in writing on a form developed by the Principal with the facts and specific outcome desired by the parent/guardian.

Complaints received directly by the Board, Authorizer or Department of Education shall be handled by the Board's Complaint Policy and Procedure.

Upon resolution of the complaint, the Principal will issue a letter to the complainant referred to as a "Finding." The Finding will officially inform the complainant that his or her complaint was either substantiated or unsubstantiated. Substantiated complaints will include a corrective action with the response. All documentation will be placed in the complaint file for closure.

Board meetings are always posted and open to the public. There is a public comment section at each meeting. Families can attend Board meetings to address topics that have otherwise not been satisfactorily resolved.

School Management Contracts

If the applicant does not intend to contract with a non-profit education service provider or management organization, mark "Not Applicable" and skip to next section.

If any proposed school intends to contract with an education service provider (ESP; i.e. charter management organization or education management organization) for school management, provide the following information (and include the requested documentation in **Attachment 16**):

1. An explanation of how and why the ESP was selected;

Fusion Career Education, Inc. (Fusion Ed) was selected as the charter management organization for the school, as it is a successful charter management organization with a history of implementing a high-quality educational model with a focus on career and technical programming in communities where the outcome of a bright future is marred by poor academic performance, poverty, high crime and low expectations. The Board of Directors of Fusion Ed High School (FEHS) knows that there are high-quality options in Indiana, however, on the east side of the city, there are not enough high-quality high school seats to meet the needs. The Fusion Ed leadership team has demonstrated success in implementing improvements necessary to see student gains and increases in student completion rates in some of the most economically distressed locations, and due to the experience

and the career technical program focus in the educational model offered, Fusion Ed is the best choice for FEHS.

Mary Douglass, a founding Board member of FEHS, teaches financial and budgeting skills to at-risk youth at local public and charter schools. Tamela Ingram-Hamer works with young mothers, Jerrell Wiggins is a police officer, and Trent Williams is an Assistant Professor at IU. Through professional and personal networking, the group has agreed that the addition of a career technical focused high school model would benefit this community and the at-risk students that live close to the area.

2. A term sheet setting forth the proposed duration of the contract; roles and responsibilities of the school governing board, the school staff, and the service provider; scope of services and resources to be provided by the ESP; performance evaluation measures and mechanisms; detailed explanation of compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement; investment disclosure; and conditions for renewal and termination of the contract;

The term sheet identifying key provisions in the management contract is included as Attachment 16A.

3. A draft of the proposed management contract;

The management agreement is included as Attachment 16B.

4. Explanation of the relationship between the school governing board and the service provider, specifying how the governing board will monitor and evaluate the performance of the service provider, the internal controls that will guide the relationship, and how the governing board will ensure fulfillment of performance expectations;

As stated herein, the Governing Board of FEHS is the charter holder who sets the direction of the school, provides oversight and ensures the school has the resources it needs to be successful. FEHS Board has contracted with Fusion Ed to provide the daily management and operations of the school so that it can focus on the oversight of the school's goals and overall performance.

The Board will annually evaluate Fusion Ed's performance in operating the school and will require reporting during regular Board meetings. The reports will include achievement toward meeting academic and non-academic goals as identified in the charter contract with Ball State University. The Board will evaluate process toward meeting Performance Framework goals and will additionally evaluate the CMO using the 15 listed services as identified in the management agreement, incorporated into the application and contract as agreed by the parties. The Board will evaluate the services provided by Fusion Ed annually throughout the contract term, and if there are areas of improvement needed, a corrective action plan will be established. Monitoring of the performance will be conducted until agreed upon further reporting and improved performance is achieved.

5. Disclosure and explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities; and

There are no existing or perceived conflicts between the governing authority, its members, and the proposed charter management organization or its affiliates.

6. Documentation of the service provider's non-profit status and evidence that it is authorized to do business in Indiana.

Articles of Incorporation of Fusion Career Education, Inc. (Fusion Ed) and Authority to do Business in the State of Indiana filing are both included in **Attachment 16C**.

Human Capital
Network-wide Staffing
Complete the following table indicating projected staffing needs for the entire network over the next five years. Include full-time staff and contract support that serves the network 50% or more. Change or add functions and titles as needed to reflect organizational plans.

Year	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Number of elementary schools	0	0	0	0	0
Number of high schools	8	8	8	8	8
Total schools	8	8	8	8	8
Student enrollment	1080	1240	1480	1720	1960
Management Organization Positions					
CEO	1	1	1	1	1
COO	1	1	1	1	1
CAO/Superintendent	1	1	1	1	1
Director of Human Resources	1	1	1	1	1
Director of Curriculum & Instruction	1	1	1	1	1
Director of Accountability & Assessment	1	1	1	1	1
Director of Special Education	1	1	1	1	1
Director of Operations	1	1	1	1	1
Director of State Reporting	1	1	1	1	1
Director of Enrollment	1	1	1	1	1
Controller	1	1	1	1	1
Gov't Relations & Strategic Partnership	1	1	1	1	1
Total back-office FTEs	**12**	**12**	**12**	**12**	**12**
Elementary School Staff					
NA					
High School Staff					
Principals	8	8	8	8	8
Academic Coach	8	8	8	8	8

Classroom Teachers (core subjects)	32	32	32	32	32
Office Manager	8	8	8	8	8
Student Pathways Advisor	8	8	8	8	8
Community Engagement Specialists	8	8	8	8	8
Intervention Specialists	11	14	16	16	16
Paraprofessionals	0	16	24	32	40
Security	8	8	8	8	8
Professional Services (PSI)	16	16	16	16	16
Total FTEs at high schools	**107**	**126**	**136**	**144**	**152**
Total network FTEs	**119**	**138**	**148**	**156**	**164**

School Staff Structure

1. Complete the table(s) below outlining your school staffing rollout plan for a "typical" elementary school and/or a "typical" high school, as applicable. Adjust or add functions and titles as needed. Modify the tables, as needed, to reflect variations in school models. If the proposed schools use a staffing model that diverges from the operator's norm, please explain.

New Elementary School Staffing Model and Rollout

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
N/A						
Total FTEs						

New High School Staffing Model and Rollout

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Principals	1	1	1	1	1	1
Academic Coach	1	1	1	1	1	1
Classroom Teachers (core subjects)	4	4	4	4	4	4
Office Manager	1	1	1	1	1	1
Student Pathways Advisor	1	1	1	1	1	1
Community Engagement Specialists	1	1	1	1	1	1
Intervention Specialists	1	1	1	1	1	1
Paraprofessionals	0	2	3	4	5	5
Security	1	1	1	1	1	1
Professional PSI Services	2	2	2	2	2	2
Total FTEs	**13**	**15**	**16**	**17**	**18**	**18**

2. Explain how the relationship between the school's senior administrative team and the rest of the staff will be managed. Note the teacher-student ratio, as well as the ratio of total adults to students for a "typical" school.

All Fusion Ed High School staff members including teachers, Intervention Specialists, paraprofessionals, security, Student Pathways Advisor, Community Engagement Specialist, Janitorial, Academic Coaches, and Office Manager report directly to the Principal. The Principal reports to the Fusion Ed CMO and the Board of Directors. Fusion Ed network staff report to the Chief Academic Officer. The school will use the Rise Evaluation system for monitoring and evaluation of leadership and teachers at the school. A typical Fusion, Ed High School, has a 1:50 student to core teacher ratio and a 1:20 – 1:15 student to staff/adult ratio. Within Special Education, Fusion will strive to maintain caseloads that are below state mandates. We expect that there will be no less than one Intervention Specialist to every 24 special needs students. However, the ratio could decrease to one Intervention Specialist to approximately every 12 students based upon the severity of student needs.

Staffing Plans, Hiring, Management, and Evaluation

1. Explain the relationship that will exist between the proposed charter school(s) and its employees, including whether the employees will be at-will and whether the school will use employment contracts. If the school will use contracts, explain the nature and purpose of the contracts. Provide, as **Attachment 17,** any personnel policies or an employee manual, if developed.

The employees of Fusion Ed High School will be employees-at-will. See **Attachment 17_Employee Manual**.

2. Outline the proposed school's salary ranges and employment benefits for all employees, as well as any incentives or reward structures that may be part of the compensation system. Explain the school's strategy for retaining high-performing teachers.

Salaries
Salaries are commensurate with experience and comparable to Indianapolis salaried teacher ranges. To remain competitive, merit salary increases are offered. From year two through year five, the school has established a line item in the budget for potential merit based pay increases. This optional merit pay is available to all certified staff members for up to 4% of the total salaries. Potential increases will be based on teacher evaluations and metrics assessed through the RISE performance evaluation system.

Benefits
Eligible employees are provided a wide range of benefits including medical, dental, and vision coverage. A number of the programs (such as State Teachers and School Employee Retirement, state disability, and unemployment insurance) cover eligible employees in the manner prescribed by law. Full-time employees who are regularly scheduled to work thirty (30) or more hours per week are eligible to participate in Fusion Ed benefit programs. The eligibility of an employee for specific benefits is listed in the benefit plan documents. Elected benefits, if appropriately requested, are effective after thirty-one (31) days of employment.

Retaining High Performing Teachers Retention
To retain high-quality personnel, the school is committed to utilizing Professional Development programs that are appropriate for the Fusion Ed model of teaching. These meetings focus on best practices and integration of strategies for students who are not meeting expectations. The charter management organization looks to guarantee the quality of teachers in each of its building through regular formal and informal personnel reviews.

All staff members are hired at competitive salaries with the opportunity to participate in a sound health insurance program and make contributions to a state retirement fund. Staff members are also encouraged to maintain open lines of communication with the building administration. The school practices an open-door policy where the building leadership avails themselves to staff to discuss any suggestions or concerns that could help improve the school and its students. Fusion Ed High School (FEHS) will prevent "ineffective teachers," throughout the school year by engaging instructional staff in Professional Development activities focused around the school's instructional methods, data-driven decisions based upon formative and summative assessments, and Response to Intervention team. The weekly teacher-based team meetings and Response-to-Intervention meetings serve as building level PLCs. Teachers will engage in leadership opportunities throughout the building to promote commitment to the school and the students. The school will provide early hiring timelines to help assure effective and qualified teachers are hired.

3. Describe your strategy, plans, and timeline for recruiting and hiring the teaching staff in accordance with IC § 20-24-6, including the school's plan for hiring "Highly Qualified" staff in accordance with the Elementary and Secondary Education Act (ESEA). Explain other key selection criteria and any special considerations relevant to your school design.

To fulfill the mission statement, FEHS must attract passionate and Highly Qualified Teachers (HQTs) in accordance with IC § 20-24-6 and leaders. Recruitment efforts will focus on hiring local teachers as well as instructors from outside of the area who can provide different, fresh, and innovative ideas and believe in the school mission, vision, and goals. The recruitment campaign will begin in February 2019 so that all teachers can be in place by July for training. The school will engage in the search for experienced and Highly Qualified Teachers through avenues such as Job and Career Fairs, online searches and recruiting methods, partnerships with local colleges and universities, and through word of mouth from currently satisfied teachers. The school will utilize community organizations, minority civic and professional groups, and diverse media outlets to engage staffing applicants that reflect the minority population of the students. FEHS is working with the Urban League, community development organizations, Teach for America, and the education department of local colleges/universities to assist us in achieving a diverse staff that reflects the demographic profile of the students.

4. Outline the procedures for hiring and dismissing school personnel, including conducting criminal background checks.

FEHS provides equal employment opportunities (EEO) to all employees and applicants for employment without regard to race, color, religion, sex, national origin, age, disability, parental status, family medical history or genetic information, political affiliation, military service, or other non-merit based factors. These protections extend to all management practices and decisions, including recruitment and hiring practices, appraisal systems, promotions, and training and career development programs. In addition to federal law requirements, FEHS complies with applicable state and local laws governing nondiscrimination in employment in every location in which the company has facilities. This policy applies to all terms and conditions of employment, including recruiting, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation, and training.

In the process of hiring, qualified candidates are screened by a building level team that typically includes the Principal and a similar content area instructor, if possible/applicable. Candidates are interviewed and evaluated using a common interview questionnaire, and the individual results of the interview team are compared. Candidates are asked to provide references upon interviewing,

which may be contacted for further input either before or after the first formal interview. Before offering a position to a candidate, likely hires are asked to tour the building and shadow for at least one academic session. This real-time interaction better ensures that the candidate is a good fit for the position as the candidate can examine how the school operates while the leadership team can observe how the candidate interacts with students and other staff. Candidates and hires are evaluated to determine if they can adequately meet the requirements of the position outlined in the above sections. Additionally, all teaching hires will be hired in accordance with IC § 20-24-6.

FEHS implements a set process for dismissing school personnel as outlined in the Employee Handbook where several offenses are noted. However, certain actions may be grounds for disciplinary action even if not specifically mentioned. Fusion Ed will investigate each occurrence of alleged misconduct by an employee and determine the appropriate level of discipline based upon the specific facts presented. If an employee engages in conduct while off-duty and not at a Fusion Ed location, Fusion Ed may nonetheless discipline the employee, up to and including discharge, if the conduct causes unfavorable publicity to Fusion Ed, impairs the credibility of the employee to perform the employee's job, or is otherwise connected to Fusion Ed. FEHS is committed to ensuring fair treatment of all employees and in making prompt uniform, and impartial decisions regarding disciplinary actions. The primary goals of disciplinary action are to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future.

Progressive discipline means that, with respect to most disciplinary problems, these steps will normally be followed: a first offense may call for a verbal warning; a next offense may be followed by a written warning; another offense may lead to a suspension; and, still another offense may then lead to termination of employment. Each step will be documented and placed in the employee's confidential personnel file. Fusion Ed recognizes that certain employee problems or misconduct are serious enough to justify a suspension or termination of employment without going through the usual progressive discipline steps.

All employees must possess a clean FBI, BCII background checks completed before hiring. Detailed policies are included in the attached Employee Handbook.

5. Explain how the school leader will be supported, developed, and evaluated each school year. Provide, in **Attachment 18,** your leadership evaluation tool(s).

Fusion Ed High School (FEHS) will use the RISE Evaluation and Development System for Principals, which is included in Attachment 18. RISE was designed to provide a quality system that local schools can adopt in its entirety, or use as a model as they develop evaluation systems to best suit their local contexts. A representative group of teachers and leaders from across the state, along with staff from the Indiana Department of Education (IDOE), contributed to the development of the RISE principal evaluation system. Please see **Attachment 18: RISE Evaluation Tools** for additional information on the RISE Evaluation and Development System for Principals.

6. Explain how teachers will be supported, developed, and evaluated each school year. Provide, in **Attachment 18**, your teacher evaluation tool(s).

The school will use the RISE Evaluation and Development System for Teachers included in Attachment 18. This RISE was also developed to use in its entirety or a s a model for a school's evaluation system, so it may be slightly modified. RISE was developed over the course of a year by the Indiana Teacher Evaluation Cabinet, a diverse group of educators and administrators from around the state, more than half of whom have won awards for excellence in teaching. Also

attached is the RISE Indiana Effectiveness Rubric 2.0 where teachers are evaluated based on Purposeful Planning, Effective Instruction, and Teacher Leadership. In speaking with the IDOE, FEHS has determined that the RISE Evaluation System is most appropriate for the school. Please see **Attachment 18: RISE Evaluation Tools** for additional information on the RISE Evaluation and Development System for Teachers and the Rubric.

7. Explain how the school and organization intend to handle unsatisfactory leadership or teacher performance, as well as leadership/teacher changes and turnover.

Professional Development

Describe the school and the organization's professional development expectations and opportunities, including the following:

1. Who will be responsible for professional development?

Professional Development is determined under the direction of the Chief Academic Officer/Superintendent in collaboration with the Principal. Staff will receive growth plans with goals that will be supported through Professional Development based on student test data and observations by the Principal. The school Board may also recommend Professional Development opportunities. Attendance and teacher evaluation will be included as will follow through on the effectiveness of training and needs going forward.

2. Discuss the core components of professional development and how these components will support effective implementation of the educational program. Discuss the extent to which professional development will be conducted internally at the school, by the network, or externally and the extent to which it will be individualized or uniform for each teacher.

FEHS will provide ongoing, job-embedded Professional Development (PD) to all teachers throughout the year that aligns with the school mission, goals, and school improvement plan. For individual teachers, the standards guide their individual plans and are based on the data at the school that drives the needs of the students. PD begins during the summer and then supported all year long through PD days according to the school calendar. PD occurs in the classrooms, labs, and special gathered events, which can be held offsite. PD consists of varied delivery methods and by subgroups. Teachers are trained in the lab. New staff members are trained by shadowing other staff members, and training of teacher leaders occur as well. PD can occur for the entire staff based upon topics, focus on a particular staffing group, or be department specific. Externally, PD can occur for the entire teaching staff through attendance at conferences, IDOE events, or guest lectures who from subject matter experts. Teachers work with subject area colleagues at sister schools to strengthen content knowledge and support each other as a PLC. Principals also meet as a PLC with fellow Principals at sister schools.

Below is a list of topics typically included in PD:

- Compliance – state-mandated training
- School & Staff Evaluations – Backwards Design for best practices and why we do what we do
    - School Walkthrough
    - Evaluations required by Public Law 90
    - Professional Growth Plans

- Curriculum Mapping & Pacing - Aligning everything to Indiana Academic Standards, career preparation standards
- Lesson Planning Expectations
- Formative and Summative Assessments
- Data Driven Instruction
- Literacy Across the Curriculum
- FEHS Specific Products/Systems – SIS, LMS, Curriculum,
- Assessments – State, Local, NWEA MAP
- Career Programming, Student Individual Career Plans
- Classroom Environment and Expectations
- Growth Mindset
- Mindfulness in the Classroom
- Student Centric
    - Student engagement from Discover lab to the classroom
    - PBIS
    - The Wounded Student

Professional development is also tied to school improvement. For each goal on the school improvement list, there is a corresponding Professional Development goal that will assist the school in meeting the outlined goal. The following PD goals are in support of goals on the school improvement list.

- On-going job-embedded Professional Development focused on PLCs and how to incorporate formative and summative assessments into the teaching and learning process
- The school will participate in Professional Development for Student Engagement Strategies, Understanding Students who are at Risk, and Centered Professional Development on Chronic Absenteeism
- The district will provide support through its Instructional Leadership Team and welcome PD requests from the PLCs in the school.

3. Provide a schedule and explanation of Professional Development that will take place prior to school opening. Explain what will be covered during this induction period and how teachers will be prepared to deliver any unique or particularly challenging aspects of the curriculum and instructional methods.

Professional Development begins during the summer for the last two weeks of July and is extended throughout the entire school year. During the summer Professional Development, Discovery Week is the main topic as these activities occur at the beginning of the school year.

4. Describe the expected number of days/hours for professional development throughout the school year, and explain how the school's calendar, daily schedule, and staffing structure accommodate this plan. Include time scheduled for common planning or collaboration, and how such time will typically be used.

PD is embedded into the school calendar and occurs weekly every Friday for all teachers during most months of the school year. For select gathered sessions, PD occurs for three hours on a Friday from 9:00 a.m. to noon. Additionally, for all staff PD, an entire day is devoted to training, which typically occurs at the end of each semester. There are daily common planning and collaboration

opportunities for teachers during the 2:00 to 4:15 p.m. time slot unless they are called to other duties and responsibilities.

Performance Management

BSU will evaluate the performance of every charter school annually including for "green-lighting" conditionally approved charters for subsequent years and for renewal purposes according to a set of academic, financial, and organizational performance standards that will be incorporated into the charter agreement. The academic performance standards will consider status, growth and comparative performance based on federal, state, and school-specific measures. The financial performance standards will be based on standard accounting and industry standards for sound financial operation. The organizational performance standards will be based primarily on compliance with legal obligations, including fulfillment of the governing board's fiduciary obligations related to sound governance.

Applicants may propose to supplement the BSU's performance standards with school-specific academic or organizational goals.

1. Describe any mission-specific **educational** goals and targets that the school(s) and/or organization will have. State goals clearly in terms of the measures or assessments you plan to use.

ELA, Science, and Social Studies

- By the end of year 2, in English, Biology, American History, and Government, students will increase reading and writing performance by 10% in Growth as assessed by MAP in Spring 2020 and by 10% evidenced in EOC Assessments ELA I & II, Biology, American History and Government for Students who attend 80% from Fall to Spring.
- By the end of year 3, in English, Biology, American History, and Government, students will increase reading and writing performance by 20% in growth as assessed by MAP in Spring 2021 and by 20% evidenced in EOC Assessments ELA I & II, Biology, American History and Government for Students who attend 80% from Fall to Spring.
- The students will experience a more than +2 growth in NWEA MAP assessment at the end of each year of the contract.
- More than 2% growth in students with proficient scores on AIR assessments (ELA, Biology, History, and Government) at the end of each contract year.

Math

- By the end of year 2, in Algebra and Geometry, students will increase mathematics performance by 10% in growth as assessed by the MAP in Spring 2020 and by 10% evidenced in EOC Assessments Algebra I and Geometry for students who attend 80% from Fall to Spring.
- The students will experience a more than +2 growth in NWEA MAP assessment at the end of each year of the contract.
- By the end of Year 3, in Algebra I and Geometry, students will increase mathematics performance by 20% in Growth as assessed by the MAP in Spring 2021 and by 20% evidenced in EOC Assessments Alg. I and Geometry for Students who attend 80% from Fall to Spring.

2. Describe any mission-specific **organizational** goals and targets that the school(s) and/or organization will have. State goals clearly in terms of the measures or assessments you plan to use.

- By the end of Year 2, FEHS will increase Test Passage Rate and Graduation Rate on State 4 year audit as measured by 8 % overall increase in attendance and 15% increase in Test passage Rate and Graduation RATES (years 4, 5, 6, 7, and 8)

- By the end of Year 3, FEHS will increase Test Passage Rate and Graduation Rate on State 4 year audit as measured by 16% overall increase in attendance and 20% increase in Test passage Rate and Graduation RATES (years 4, 5, 6, 7, and 8)

- In all subject areas, teachers and curriculum director will align career curriculum with the regular education curriculum by the beginning of the school.

- FEHS will assess at minimum 75% of all students.

- The school will participate in Professional Development for Student Engagement Strategies, Understanding Students who are at Risk, and Centered Professional Development on Chronic Absenteeism.

- Students and teachers will receive surveys and opportunities to have a voice in the effort to improve the academic process. The school will be rated an average grade of "B" in 80% of the questions.

- Student attendance will increase by 2% annually throughout each year of the contract. The PowerSchool Student Information System will be utilized as the measuring tool.

- 100% of students will engage in Discovery Week activities upon enrollment/or at the beginning of the year to participate in goal setting. Discovery Week attendance and the student's individual career planning document will be utilized as measurements.

3. In addition to the mandatory state assessment and testing requirements (i.e. ISTEP+, IREAD-3, IMAST, ISTAR, and ECA, as applicable), identify the primary interim assessments the school(s) will use to assess student learning needs and progress throughout the year. Explain how these interim assessments align with the curriculum, performance goals, and state standards.

Formative and summative assessments will be used to inform the student, parent, and teacher of the current learning trend to identify students' strengths and weaknesses and institute any corrective actions.

College Entrance Readiness (ACT, SAT). The school currently uses ACT and assesses all Juniors as required by State law. The ACT results help to determine if students are college ready. These scores also help to identify students who may take place in the College Credit Plus Program.

WorkKeys. The WorkKeys assessment is the chosen workforce readiness assessment in the State. Once students are nearing the end of the pathway, they may take the test on-demand. As part of the career programming, the school aligns the traditional pathway to the WorkKeys assessment to increase the students' capacity to do well on the test.

NWEA-MAP. FEHS will use NWEA-MAP, a nationally-accepted, evidence-based assessment that is

aligned to Common Core and delivered online. This assessment will provide teachers with a tool to individualize instruction and differentiation.

Apex Assessments - Apex Learning's Comprehensive Courses and Tutorials provide teacher-scored and computer-scored formative and summative assessments integrated throughout each lesson to reveal student understanding through the learning process. The embedded assessments are specifically designed to test students at various levels of Bloom's Taxonomy and Webb's Depth of Knowledge (DOK). In order to provide teachers and administrators with actionable data to use to support student learning, student knowledge is assessed regularly in Apex Learning Comprehensive courses and Tutorials with items similar to Indiana Academic Standards and via the following categories of assessments:

- Pretests, available for Tutorials and Courses with prescriptive features, assess student mastery of content and create individualized learning plans that direct each student to the relevant material yet to be mastered. In Courses, the threshold for achieving mastery can be specified by the teacher.
- Unscored **formative assessments** provide students with immediate feedback, allowing them to check their own understanding before continuing.
- Unit level **diagnostic assessments** allow students to assess their understanding of the contents of a unit before either attempting the unit or taking the unit test.
- Scored formative assessments provide students with feedback regarding their understanding of the material as they progress through a course.
- Scored **summative assessments** in Courses are taken at the end of each unit and semester requires students to demonstrate their mastery of the material.

Teacher created assessments. These on-going assessments and quizzes will inform instruction, student learning, and the success of the academic program. Interim assessments will be introduced as a mean to collect formative data that will initiate academic gap control.

Pathway Assessments are the identified assessments that show students' technical skill attainment in a specific Pathway. These assessments could be, dual credit course final exams, assessments that lead to certification, or other assessments.

4. Explain how the organization will measure and evaluate academic progress – of individual students, student cohorts, each school, and the network as a whole – throughout the school year, at the end of each academic year, and for the term of the charter contract.

Academic progress is measured and evaluated based on the collection of data through assessments, the student information systems, and other information. Long-Term analysis of achievement and progress will occur using such measures as assessments, NWEA-MAP assessments, unit exams, teacher-created assessments exams, report cards, Apex Learning assessments, and Pathway Assessments. These measures will allow teachers, leaders, and management staff to identify and respond in real-time to practices that are hindering or ineffectively promoting achievement in route to the larger school goals. In order to support instructors with this initiative, teachers will receive weekly lesson planning time that includes Professional Development to analyze data and create action plans to differentiate and individualize instruction.

Short-term analysis of achievement and progress will occur via such practices as daily and weekly classroom observations, daily exit slips, classroom quizzes and exams, and progress

reports. Teachers will collect data to measure progress over time and submit the information to the Principal, which is shared with the Student Pathways Advisory, Director of Curriculum Development and Instructional Design, and Director of Assessment & Accountability, and Director of Special Education as needed.

Data is collected daily and weekly at the classroom level, every one to two weeks at the school level and every four to five weeks at the network level. This data collection helps to determine the effectiveness of the curriculum. When improvement in student achievement is not occurring, or when it becomes stagnant, school and network teams have a concrete starting point to reevaluate those practices in place, identify which components are not contributing to overall student achievement, develop new practices and strategies to implement based upon data collected, and monitor the effectiveness of those newly developed practices and strategies on student achievement.

5. Explain how the school(s) will collect and analyze student academic achievement data, use the data to refine and improve instruction, and report the data to the school community. Identify the person(s), position(s), and/or entities that will be responsible and involved in the collection and analysis of assessment data.

The teacher collects data, and it is analyzed by the teacher, Principal and when necessary, the Chief Academic Officer/Superintendent (CAO/Superintendent), Director of Curriculum Development and Instructional Design (DCDID) and Director of Assessments and Accountability (DAA) when appropriate. The CAO/Superintendent leads Professional Development supported by the Principal.

Data from the assessments outlined in this document will be utilized to evaluate strengths and weaknesses to eliminate the student achievement gaps and to include the gap details in the performance framework and results from the formative assessments. Creation of a PLC will be critical in the evaluation of set plans, changes and maintaining a rigorous academic plan to decrease achievement gaps.

The Principal and teachers will meet at least weekly, upon the scoring of the assessments to determine which students need increased amounts of academic intervention. In response to the data, leaders and teachers will adjust student schedules for these interventions. Additionally, more creative and specific action plans will be written when applicable and needed. The team will use the data to continually monitor the progress and trajectory line for achieving the specified goals by comparing both school-wide and individual student gains. The school teaching staff and Pathways Student Advisor works diligently to prepare individualized student learning plans and follow or refine them, as needed. Ultimately, the Principals will use recommendations from the Chief Academic Officer/Superintendent to determine which teachers need additional support and/or instructional coaching. The school administrative leaders conduct an early and persistent evaluation of teacher performance, student progress, and engagement in the classroom and school environment.

All teachers will receive Professional Development training aligned to school needs as well as career-based instructional program training during Professional Development.

6. Who will be responsible for managing the data, interpreting it for classroom teachers, and leading or coordinating professional development to improve student achievement?

The Principal is responsible for managing and interpreting data with the assistance of the Chief Academic Officer/Superintendent (CAO/Superintendent), Director of Curriculum Development and Instructional Design (DCDID) and Director of Assessments and Accountability (DAA) when appropriate. The CAO/Superintendent leads Professional Development supported by the Principal.

Teachers are supported by their building leaders in evaluating progress and developing next steps for instructional practices in the classroom. The Principal is supported by the CAO/Superintendent, DAA, and DCDID in analyzing efforts as a whole in the building and developing plans or modifying current plans and practices to meet the academic and achievement needs of students in the building. FEHS are continuously involved in researching best practices to ensure that achievement is on an upward trajectory.

7. Explain the training and support that school leadership and teachers will receive in analyzing, interpreting, and using performance data to improve student learning.

Teachers and leaders, as part of their training, are taught to monitor and evaluate student performance and make connections to practices in the classroom. Teachers participate in this initial training for two weeks in July and continue their training throughout the school year via weekly Professional Development (PD) and workshops. A few of the PD courses that address data performance include 1) Formative and Summative Assessments, 2) Data Driven Instruction, 3) Literacy Across the Curriculum, and 4) Assessments – State, Local, NWEA MAP.

8. Describe the organization's approach to academic underperformance for schools that fall short of student academic achievement expectations or goals at the school-wide, classroom, or individual student level.

The results of these assessments are used to identify underperformance in students that are struggling with proficiently with grade level material and skills. For those students, specific, research-based interventions are implemented in the classroom and/or school. Teachers can access resources in addition to Apex Learning to implement in the classroom or school-wide once approved by the School Leadership Team (SLT). These interventions are developed by all instructional staff (including parents where appropriate) involved including Intervention Specialists and administrators on the SLT in addition to teachers. The CAO/Superintendent and Principal work with teachers to identify gaps in delivery or resources to determine as to whether different or additional instructional resources are needed to improve student performance. These interventions are monitored and evaluated for effectiveness during an agreed upon time frame with an agreed upon frequency (dependent upon the individual student and the interventions being made).

If data is unacceptable at one grade level/class/school, then classroom/content/grade level plans and changes that focus on instruction and use of resources will be monitored by Principals during weekly check-in meetings with teachers. For interventions that are determined to be ineffective for "at risk" students, intervention strategies are intensified for students, and Special Education may be recommended. If data is poor across the network in a particular content or grade level, then resources, materials, pacing guides, assessments, and strategies will be reviewed for alignment, rigor, and implementation by the SLT. If the data is unacceptable across the entire school, the school leadership will be provided coaching by CMO with weekly check-ins for monitoring. Additionally, for school-wide underperformance, adjustments to the curriculum are considered. The process to change and adjust the curriculum is included in this document.

9. Describe the organization's plans to monitor the performance of the portfolio as a whole. What actions will you take if the network as a whole fails to meet goals? Discuss how the organization assesses its readiness to grow and under what circumstances the organization will delay or modify its growth plan.

Fusion Ed implements an effective plan to address academic underperformance at all levels and if the network as a whole fails to meet goals. Network Leadership Teams (NLT), School Leadership Teams (SLT), and Teacher-based Teams (TBT) meet at least weekly to analyze current achievement and strategically plan instructional courses of action across classrooms. The results and corresponding action plans from these meetings are submitted to Fusion Ed throughout the year to analyze and make any necessary corrections to network performance. The SLT group consists of a Principal, teacher, Intervention Specialist, Academic Coach, Student Pathway Advisor, along with the Director of Curriculum Development and Instructional Design (DCDID), Director of Special Education (DSE), and Director of Assessment and Accountability (DAA) as needed that meet weekly. The TBT consists of teachers. These teams meet weekly. The NLT includes Chief Academic Officer, DCDID, DSE, DAA, Academic Coach, teacher leader, and Intervention Specialist that meet once a month to analyze network data. To observe and analyze performance across classrooms, the Principal will receive copies of all grade action plans from the TBT to review and facilitate meetings with teachers. The Principal also observes classrooms and provides feedback of action plans in meetings. The data will be tracked by Principal.

For the SLT, teacher evidence from the implementation of action plans will be submitted to the team prior to the meeting. For areas that were not successful, the SLT will adjust as needed. Individual teachers may be placed on coaching plans to refine any skills in classroom instruction. The NLT will maintain communication with SLT to ensure all action plans or coaching plans are being met and that student data is being recorded. The scores achieved on the upcoming exams will determine if action plans in the interim have been successful. Action plans are created to meet new trajectory goals.

Additionally, if the network is failing to meet goals, Fusion Ed will consider replacing the curriculum, implementing additional coaching, and hiring a facilitator and/or third party contractor/expert to offer assistance. New forms of intervention products will be considered such as Achievement Net to be implemented across the school. More intense evaluations of teacher and school leadership will be conducted with additional coaching and other resolutions determined.

Fusion Ed is purposely opening one school with no intentions to open a second unless demand becomes overwhelming. Fusion Ed is also keeping enrollment low with slow growth to assure that students receive the individualized instruction required for successful completion of the program. Fusion Ed is focused on quality not quantity in its efforts to accomplish the school's mission.

Facilities

Charter school facilities must comply with state and local health and safety requirements (per IC § 20-26-7, 20-24, and as required by the Indiana State Department of Health, Office of the State Fire Marshall, Department of Public Works, and the corresponding local agencies). In addition, charter school applicants must be prepared to follow applicable city or town planning review procedures.

1. If you are in the process of identifying a facility, describe with as much detail as possible your plan for identifying and securing a facility, including any brokers or consultants you are employing to navigate the real estate market, plans for renovations, timelines, financing, etc.

Fusion Ed has engaged CB Richard Ellis, in Indianapolis to find an appropriate facility in Indianapolis, Indiana's east side. The school's Government Relations & Strategic Partnership Director (GRSP) has been working with the Board and CB Richard Ellis's Gordon Hendry, Vice President, over recent months to view selected properties available for lease in the designated community.

The desired facility will be between 10,000-14,000 square feet in a stand-alone or strip mall type facility with ample parking, appropriate zoning, and ADA compliant. The Board desires a bright and open space that offers ample space for large classrooms to offer room for grades 9-12, multiple offices, multi-purpose lab space and common areas. Additionally, to serve the needs of the at-risk population, we desire a location that is easily accessible to public transportation and that allows prominent signage.

2. If you have already identified a facility, or plan to locate the new school within a facility currently owned or leased by the applicant, please indicate the street address and applicable school district. If you have an MOU or other proof of intent to secure a specific facility, please provide proof of the commitment as **Attachment 19.** Briefly describe the facility including location, size, and amenities. Provide a detailed list of any anticipated construction or renovation costs (these should also be described in the budget narrative and reflected in the budget). You may provide, as **Attachment 20**, up to 10 pages of supporting documents providing details about the facility.

While there is no facility MOU available yet, the Founding Team has been touring sites on the east side of Indianapolis. There are several options available that will be appropriate for the school. CB Richard Ellis is connecting with landlords and property owners for multiple sites with two strong options on East Washington Street. The primary target location identified is located at 7140 E Washington Street, Indianapolis, IN. This building previously housed a Gold's Gym and currently has a gym as one tenant in the building. This facility is located in a high-need area of town on the Washington corridor and is between Shadeland Avenue and 465, so visibility, public transportation, and accessibility are ideal for students at the location. The Founding Team is working with CB Richard Ellis and the landlord to determine associated costs of buildout, which will be built into the lease to assist with reduction of start-up needs. Because the facility is in great shape and the model has changed slightly from built-in desks to open tables and chairs, the buildout needed will be limited. See **Attachment 20** for information on the property and potential build-out options.

Start-Up & Ongoing Operations

1. Provide, as **Attachment 21**, a detailed start-up plan for the school, specifying tasks, timelines, and responsible individuals. The start-up plan must indicate the targeted first day (month, day, year) of student attendance, as well as the school's first day of operation per IC § 20-24-3-4. This plan should align with the Start-Up (Year 0) Budget in the Budget Worksheets.

The school's Detailed Start-up Expansion Timeline is included as **Attachment 21**.

2. If the school will provide transportation, describe the transportation arrangements for prospective students. In addition to daily transportation needs, describe how the school plans to meet transportation needs for field trips and athletic events.

Fusion Ed High School will not provide transportation; however, bus passes may be provided to students.

3. Provide the school plan for safety and security for students, the facility, and property. Explain the types of security personnel, technology, equipment, and policies that the school will employ.

School safety is of utmost concern for FEHS. The school is mindful of potential risks associated with school operations, and has contracted with Fusion Ed, the CMO, to create the safety committee and comprehensive safety plan to include but not limited to, safety awareness, safety hazard, risk control, fire and health inspections, technology and equipment, auditing of the school's records and comprehensive risk coverage. The committee will make assessments regarding onsite security personnel needs. FEHS will provide a safe and secure environment for the school's leadership, staff, and students. All visitors will gain access through a secured front entrance. FEHS will establish emergency procedures, with contingency plans, including evacuation, shelter in place and lockdown procedures, to be followed in the event of a crisis or safety concern. Drills (fire, tornado, emergency) will be conducted as required by law or as recommended by the FEHS safety committee. All procedures will be included in the safety plan, which will be reviewed by the FEHS leadership and Board on a regular basis. The school includes policies on technology, equipment, and the Internet Safety Policy in the Parent and as Employee Handbooks. FEHS will operate a drug-free and weapon-free school.

4. Provide, as **Attachment 22,** a list of the types of insurance coverage the school will secure, including a description of the levels of coverage. Types of insurance should include workers' compensation, liability, property, indemnity, directors and officers, automobile, and other.

A sample listing of the school's planned insurance coverages is included as **Attachment 22**. Upon application approval, the Fusion Ed High School (FEHS) Board of Directors will obtain a complete quote for the required coverages.

Operations Capacity

Describe the team's individual and collective qualifications for implementing the Operations Plan successfully, including capacity in areas such as the following:

- Staffing;
- Professional development;
- Performance management;
- General operations; and
- Facilities management.

Applicants should describe the organization's capacity and experience in facilities acquisition and management, including managing build-out and/or renovations, as applicable.

FEHS governing Board of Directors is the charter holder and oversight entity for the school. FEHS has contracted with Fusion Ed to provide daily operations and management at the building so that they may focus on the governance and oversight responsibilities. The Fusion Ed Leadership Team is comprised of years of expertise in the traditional and charter public education, business, operations, and financial arenas. The Fusion Ed leadership team offers an exceptional level of expertise in academic and non-academic areas of back-office services detailed in the management agreement and are being successfully implemented at all seven campuses in Ohio. In addition to

complete Facility Acquisition and Management, Fusion Ed is providing services in 1) Curriculum, Instructional Design, and Educational Philosophy, 2) Talent Acquisition, 3) Human Resources Administration, 4) Executive Leadership, Supervision and Professional Development, 5) Financial Management, 6) State Data Reporting, 7) Payroll and Benefits, 8) Grants Management and Fundraising, 9) Centralized Purchasing 10) Board Governance Services, 11) Marketing and Community Outreach, 12) Technology Administration, 13) Food Service Management, and 14) Transportation Management.

Yvonne Adkins serves as the Director of Governmental Relations and Strategic Partners. Yvonne has worked in assisting charter schools to secure facilities for over a decade. She is currently partnering with a national realtor, CB Richard Ellis, along with IFF, a real estate consultant and developer that offers financing opportunities, to provide an adequate facility. FEHS is fully prepared to operate the school.

Section 3. Budget and Financial Plan

Financial Plan
(No limit to budget narrative; include as Attachment 24)
For multi-site operators or networks, the Ball State University Charter School Office requires individual **school** and **network-level** financial budgeting, reporting, and annual audits. Each school's finances must thus be transparent and distinct from the network level.

1. Describe the systems and processes by which the organization and school(s) will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted; and describe the criteria and procedures for the selection of contractors.

A sample Internal Controls Policy and Procedures Manual is included with **Attachment 24_Budget Narrative_Internal Controls Policy.** Fusion Ed High School (FEHS) ensures that the fiscal controls are established, followed, and monitored by the School's Board and accountant Beth Marsh, President of Bookkeeping Plus, Inc. Fusion Career Education, Inc. (Fusion Ed) the School's charter management organization (CMO) provides financial management services as detailed in the management agreement. In addition to a controller with a background in forensic accounting and internal audit, CMO finance department employees are responsible for accounts payable, accounts receivable, purchasing, payroll and management-level functions. The FEHS Board is confident in the CMO's financial ability as they have years of experience working with charter schools.

2. Describe how you will provide an independent annual audit of both **organization-level** and **school-level** financial and administrative operations.

As stated in the Internal Controls Policy and Procedures, the organization will be audited annually. Bookkeeping Plus and the Founding Team have worked with Donovan CPAs in the past. Donovan has a solid reputation for sound business practices and quality audits. Donovan possesses a great deal of experience working with the Authorizer and the Accountant for the school, solidifying the Board and CMO's decision to contract with Donovan to serve as the auditor for the school going forward. The CMO will also partner with a third-party accounting firm to participate in its annual internal audit as part of its commitment to excellence in financial reporting.

3. Provide, as **Attachment 23,** detailed budgets for the operator at the network level AND for EACH individual school. Applicants must provide a network-level budget (no template is provided). Applicants must either complete the Budget Worksheets (all sections) for the network and each campus, including revenue and expenditure projections that reflect proposed growth and development needs over time, or may submit financial forms in the organization's existing format, provided that they accomplish the following:
    a. Include a separate budget for each school
    b. Include a back-office budget
    c. Specify per-pupil management fees
    d. Incorporate financial implications of facilities plans
    e. Explicitly detail major assumptions including but not limited to:
        - Student enrollment

- **All** anticipated funding sources[43], including:
  - Local, state, and federal per-pupil funding; eligibility levels; and annual increases
  - Other government resources
  - Private fundraising
  - eRate
  - Student fees
- Compensation (school and network/CMO levels), including:
  - Salary table and number of staff by position
  - Yearly pay increases
  - Pension contribution and other benefits
- Line items for each major expense and delineation of assumptions, including:
  - Instructional materials and supplies
  - School equipment and furniture
  - Technology for student and instructional use
  - Professional development
  - Student assessments
  - Student information system
  - Special education services
  - Student activities
  - Contracted services at school and network/CMO levels (audit, I/T, PD, etc.)
  - Rent and utilities
  - Office supplies and equipment
  - Technology for administrative use
  - Fundraising materials and resources (non-staff)
- School start-up costs
- Management fees and any other management compensation
- Facility scenarios
- Capital, contingency, and insurance reserve funds

4. Present, as **Attachment 24,** a detailed budget narrative describing assumptions and revenue estimates, including but not limited to the basis for revenue projections, staffing levels, and costs. The narrative should specifically address the degree to which the school budget will rely on variable income (*e.g.*, grants, donations, fundraising).
   a. Per-Pupil Revenue. Use the figures below in developing your budget assumptions.
   b. Anticipated Funding Sources. Indicate the amount and sources of funds, property, or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated and include evidence of commitment for any funds on which the school's operation depends.
   c. Discuss the school/organization's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated.
   d. Year 1 cash flow contingency, in the event that revenue projections are not met in advance of opening.

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[43] *Note: Both the budget forms and narrative should specify the amount and sources of funds, property or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated and include evidence of firm commitments, where applicable.*

5. Explain how the organization will reach its fundraising goals over the next five years. Provide a development plan that includes staffing needs.

Fusion Ed's investment fund will advance all startup expenses for the school initially, and will not accept reimbursement of said advancement of startup funds until the school is in a financial position in which it has reserves. Additionally, the FEHS Board of Directors will apply for the Charter School Program grant to assist in the reimbursement of many of the startup expenses such as furniture, equipment, technology, equipment, etc. The CMO will be responsible for the following preoperational activities (also captured in **Attachment 23_Detailed Budgets**):

- all construction/ build-out costs
- months of staffing (Professional Development and training)
- Marketing and enrollment will begin in April of 2019 with Open Houses beginning June 1, 2019

General revenue assumptions for years 1-5 include the school's intention to apply for Free and Reduced Lunch Funding, Federal IDEA B, Title programs, and eRate. The per pupil funding estimates were received from the Indiana Department of Education.

The school's staffing model is the first expense category itemized in each year's budget. The model includes a Principal, Academic Coach, four subject-area teachers, an Intervention Specialist (the school will follow federally mandated Special Education ratios and is prepared to engage its consulting firm if an additional Intervention Specialist is needed), an Office Manager, a Student Pathways Advisor, a Community Engagement Specialist, and a Security Officer. In year two, the school adds paraprofessionals to assist in the classrooms. Years 3, 4, and 5 will also receive additional assistance in the classroom.

Benefit expenses for year one are based upon current market rates (a comparison to similar network schools was used) and current public employee retirement contribution amounts. Each subsequent year sees an increase in benefits rates.

Facilities costs are based upon the building's description identified in **Attachment 20**, and the school will engage a third party technology vendor to provide internet and telephone services. The assumptions are based upon quoted rates from an existing vendor, but the school plans on releasing a request for proposals to ensure competitive pricing. There is a rent increase assumption also built into years 2-5. Insurance is calculated based upon the rates of similar campuses in the CMO's network due to the network's ability to obtain competitive pricing based on the economy of scale.

Service contracts are primarily consulting fees for targeted school needs (psychology or ESL when required). The school also plans to fully expend any Title funds received in this category – primarily staff Professional Development. The school will also employ service contracts with Special Education providers if student demographics warrant additional service.

Supplies and materials include the school's marketing and engagement campaigns outlined in Attachment 7. Historical usage of office supplies and materials was determined from similarly sized campuses within the CMO's network.

Capital outlay includes the leasing of student technology devices. The Founding Team and CMO believe in an educational environment that is conducive to bring your own device (BYOD), and leasing equipment allows the school to remain current of the latest technological trends. Leasing the equipment also saves the school money by not paying for computer technicians (everything remains under warranty and support of the leasing company). As enrollment increases in years 2-5, additional devices and expense were added.

Other expenses include the school's audit, travel for training and conferences, the CMO management fee of 15% and the authorizer fee of 3%.

The school has established a budget wherein it is fiscally self-sustaining at the enrollment projected to ensure that additional fundraising efforts are for supplemental programming as may be desired by the staff once the school is operational.

6. Describe the annual audit of the financial and administrative operations of the school and organization. Include evidence that the school will adhere to the accounting, auditing, and reporting procedures and requirements that apply to public schools operating in Indiana.

The school will retain the Bookkeeping Plus, Inc., an experienced accounting firm to ensure that the school's books are audit ready and that the financial statements that are required for the audit are prepared and available for review. The school treasurer and Bookkeeping Plus will be available to the auditors to answer questions and provide information. Bookkeeping Plus is a local accounting firm with numerous years of experience working with charter schools and a track record of its clients receiving clean audits.

The school will retain an auditing firm (certified public accounting), such as Donovan CPAs, that has been approved by the Indiana State Board of Accounts (SBOA) for school auditing. The auditors will perform the audit pursuant to GAAP and the rules and regulations of the SBOA. The auditors will complete the audit and submit it to the SBOA pursuant to the SBOA's filing requirements.

***In developing your budget, contact Indiana Department of Education to determine your per pupil funding estimates. These figures are based on figures from 2011-12 and should be used for planning purposes only.**

Financial Capacity

Describe the team's individual and collective qualifications for implementing the Financial Plan successfully, including capacity in areas such as the following:

- Financial management;
- Fundraising and development; and
- Accounting

Fusion Ed Leadership Team is comprised of years of expertise in the traditional and charter public education, business, operations, and financial arenas. The Fusion Ed Leadership Team offers an exceptional level of expertise in academic and non-academic areas of back-office services detailed in the management agreement and are being successfully implemented at seven schools currently being managed. Included in the fifteen services provided to all campuses are complete financial management, fundraising and development and accounting.

Fusion Ed's Controller is David Genet, a career financial manager with extensive accounting and internal audit experience. Mr. Genet will ensure the financial sustainability of FEHS and provides all stakeholders the ability to make sound operational decisions. In addition to financial management of all of the Fusion campuses, Mr. Genet has served as an internal auditor for a multi-state law firm, worked with the state Department of Taxation as an auditor agent, and received two master degrees: forensic accounting and business administration. He provides financial management services for all seven Ohio Life Skills campuses.

The school will retain the Bookkeeping Plus, Inc., to ensure that the school's books are audit ready as well as an auditing firm (certified public accounting), such as Donovan CPAs for the school audit.

Additionally, Fusion Ed's Yvonne Adkins serves as the Director of Governmental Relations and Strategic Partners. Yvonne has worked with partners to assist charter schools to secure funding in many different states and has experience working with schools and managing the charter school program grant and compliance requirements.

Section 4. Portfolio Review/Performance Record

BSU will base qualification decisions, in substantial part, on the organization's past performance. Provide the following information about schools operated by the organization. ***This section does not require applicants to provide academic performance data for schools operated by the organization. Reviewing performance data is a critical part of the BSU's due diligence and evaluation process, and BSU will tailor this review to the scale and scope of each organization's portfolio. Applicants should expect a supplemental request for information tailored to the history and structure of the applicant organization.***

1. Using the Portfolio Summary Template, provide, as **Attachment 25,** a detailed summary of all of the schools in the operator's portfolio.

A portfolio Summary Template is included as **Attachment 25** for each network school.

2. Select one or more of the consistently high-performing schools that the organization operates, and discuss the school's performance.
   a. Be specific about the results on which you base your judgment that the school is high- performing. Include student achievement status, growth, absolute, and comparative academic results, as available.
   b. Discuss the primary causes to which you attribute the school's distinctive performance.
   c. Discuss any notable challenges that the school has overcome in achieving its results.
   d. Identify any ways in which the school's success has informed or affected how other schools in the network operate. Explain how the effective practice or structure or strategy was identified and how it was implemented elsewhere in the network.

Attachment 25 includes information on Life Skills High School of Columbus North.

3. Select one or more of the organization's schools whose performance is relatively low or not satisfactory and discuss the school's performance.
   a. Be specific about the results on which you base your judgment that performance is unsatisfactory. Include student status, growth, absolute, and comparative academic results, as available.
   b. Describe the primary causes to which you attribute the school's problems.
   c. Explain the specific strategies that you are employing to improve performance.
   d. How will you know when performance is satisfactory? What are your expectations for satisfactory performance in terms of performance levels and timing?

Attachment 25 includes information on Life Skills High School of Cincinnati.

4. *For all schools operating in the state of Indiana,* provide as **Attachment 26**, the most recent performance/evaluation/renewal reports produced by the authorizer(s) (or by a third-party evaluator, if applicable).

There are no schools currently operating in Indiana; therefore, there is no **Attachment 26.**

5. *For all schools operating in the state of Indiana*, provide the following in **Attachment 27** (a) the last three years of audited financial statements for the school(s); and (b) the most recent internal financial statements, including balance sheets and income

statements for the organization and any related business entities. Be sure that the school level, ESP level, and the overall operations are distinctly represented.

There are no schools currently operating in Indiana; therefore, there is no **Attachment 27.**

6. For the organization as a whole and any related business entities, provide the following as **Attachment 28**: (a) the last three years of audited financial statements and management letters; and (b) the most recent internal financial statements, including balance sheets and income statements. Be sure that the ESP level and the overall operations are distinctly represented.

Fusion Ed acquired Life Skills and began managing the seven Ohio Life Skills High Schools in May 2018, so this will be the first year of Fusion Ed's management of the schools. With this noted, attached is **Attachment 28(a)** the last three years audited financial statements and management letters for each of the seven Ohio Life Skills High Schools, and **Attachment28(b)** the most recent internal financial statements for Fusion Ed, including a balance sheet and income statement, due to the fact that there was no formal audit of this entity.

7. List any contracts with charter schools that have been terminated by either the organization or the school, including the reason(s) for such termination and whether the termination was for "material breach."

Fusion Ed acquired Life Skills and began managing the seven Ohio Life Skills High Schools in May 2018, so this will be the first year of Fusion Ed's management of the schools. There has been no termination of contracts since Fusion Ed has begun management of the network.

8. List any and all charter revocations, non-renewals, shortened or conditional renewals, or withdrawals/non-openings of schools operated by the organization, and explain what caused these actions.

Fusion Ed acquired Life Skills and began managing the seven Ohio Life Skills High Schools in May 2018, so this will be the first year of Fusion Ed's management of the schools. There has been no charter revocation, non-renewals, conditional renewals or withdrawals or non-openings of the schools since Fusion Ed has begun management of the charter network.

9. Explain any performance deficiencies or compliance violations that have led to formal authorizer intervention with any school operated by the organization in the last three years and how such deficiencies or violations were resolved.

Three of the seven Ohio Life Skills schools were placed on corrective action plans with the authorizers due to low enrollment. Life Skills High School of Toledo, Life Skills High School of Columbus North and Life Skills High School of Columbus Southeast were on corrective action plans at some point during the past years. As of this past year, Life Skills High School of Columbus Southeast has doubled their enrollment and Life Skills High School of Toledo had an enrollment number of 160 at the end of last year. Toledo Life Skills is performing so well that they have established a partnership with Toledo Public Schools and has been discussing designation of this school as the formal dropout recovery school for the district.

10. Identify any current or past litigation, including arbitration proceedings, by school, that has involved the organization or any charter schools it operates. If applicable, provide in **Attachment 29** (1) the demand, (2) any response to the demand, and (3) the results of the arbitration or litigation.

There have been no past litigation or arbitration proceedings for any of the Life Skills schools or the Fusion Ed charter management organization; therefore, there is no **Attachment 29**.

ATTACHMENT 1 – Attachment 1_Governance_Leadership_Resumes_Job Descriptions

Jerrell M. Wiggins

30 E. Georgia St #210
Indianapolis, IN 46204
(317) 652-3894 (Mobile)
jmwiggins96@gmail.com

EDUCATION

Certificate - Paralegal Studies	IUPUI	*Indianapolis, IN*
Bachelors of Arts - Communication	IUPUI	*Indianapolis, IN*

EMPLOYMENT

2015-Present PARALEGAL/OFFICE MANAGER
Powers Family Law *Indianapolis, IN*

- Draft pleadings; motions, discovery responses, and answer all communication written and electronic
- Coordinate client appointments advise them of case status and hearing dates
- Assist attorney in managing their case load and track billing hours
- Schedule meetings, conference calls, hearings and make travel arrangements
- Scanning, photocopying, indexing and filing of paper and electronic documents, including pleadings and correspondence
- Manage day to day firm operations and system implementation

2015-Present PATROL OFFICER
City of Lebanon, Indiana Police Department *Lebanon, IN*

- Perform all duties expected of a police officer
- Patrol all major public events
- Investigate incidents and draft case reports
- Provide testimony in court hearings

2011 CUSTOMER SUCCESS CONSULTANT
Propertybase Real Estate CRM *Munich, DE*

- Perform support services for real estate developers using software
- Oversee data migration from previous CRM platform into Propertybase
- Maintain working knowledge of the product and provide adequate solutions to accommodate customer need
- Facilitate development of positive and effective communication between the end-user and the developer.
- Escalate any issues to the development team that could not be resolved

2008 – 2014 MANAGER
Jireh Investments, LLC dba Wing Stop *Indianapolis, IN*

Jerrell M. Wiggins

- Elevated gross sales of Wing Stop location #419 24% in first year as manager and by 100% over the next four years combined.
- Consistently hitting record profitability of restaurant and catering operations from 2009 to 2013.
- Halted waste of materials, conserved cooking products, and created a cohesive, cooperative team committed to five-star guest service and optimum profitability.
- Coordinated human resource efforts such as policy implementation and intra-organizational communication procedure.
- Assist in outside marketing efforts by building relationships with radio stations and developing a targeted marketing plan in order to expand growth.

2007-2008 MANAGEMENT CONSULTANT
Choice Training and Fitness *Plano, TX*

- Developed marketing strategies
- Develop and implement effective communication strategies
- Assist in system development, training, program implementation
- Facilitate development of positive and effective HR strategy
- Restructured organizational operations in order to facilitate growth and efficiency
- Developed and presented proposals to attract corporate wellness clients
- Increased sales and membership by 30% from 2007-2008

2000-2007 AGENT/INVESTMENT SPECIALIST
Owens Realty/Genesis Property Management Group, LLC *Indianapolis, IN*

- Created the Genesis brand and organizational structure
- Managed rental, sale, and management of homes.
- Coordinated maintenance schedules and bill payment.
- Managed all accounting.
- Acted as an investment and property evaluator for both Genesis and its client base.
- Negotiated lease agreements.
- Provided itemized monthly property related financial reports to property owners.
- Managed more than 20 properties.

1999-2001 ASSISTANT MARKETING DIRECTOR
Allied Marketing Group, LLC *Indianapolis, IN*

- Develop and implement strategic marketing plans, sales plans, and forecasts to achieve corporate objectives for products and services.
- Manage inter-office communication, implement effective communication strategies
- Assist in system development, training, program implementation
- Meets with key clients, assisting sales representative with maintaining relationships and negotiating and closing deals.
- Enhance marketing strategy through web site development, and standard media communication strategy

1998-1999 WIRELESS CONSULTANT
Let's Talk Cellular and Wireless/GTE Mobilenet *Indianapolis, IN*

Jerrell M. Wiggins

- Utilized exceptional interpersonal skills to build and cultivate profitable alliances with customers.
- Managed front end retail operations and interfaced with diverse clientele to ensure customer satisfaction and loyalty.
- Developed and maintained cooperative relationships with retail managers to deliver successful roll-out and promotion of new products.
- Reached out to customers directly to market products by distributing promotional materials and offering incentives at college fairs and local companies.
- Maintained up to date training related to latest devices and technologies.

COMPUTER KNOWLEDGE

- Microsoft Office Suite
- Property base Real Estate CRM (Salesforce)

AWARDS/CERTIFICATES/LICENSES

- Outstanding Achievement in Civic Engagement, IU Department of Communication Studies, Indianapolis
- IU Deans List Department of Communication Studies
- IU Deans List School of Liberal Arts
- Certified Law Enforcement Officer
- Indiana Real Estate Broker-Active
- Indiana Notary Public-Active
- Indiana Individual Title Producer-Active

TRENTON A. WILLIAMS

1309 E. 10th St.
Bloomington, IN 47405

Management and Entrepreneurship
Kelley School of Business
Indiana University

Phone: 812.855.6125
trenwill@iu.edu

EDUCATION

PhD	Indiana University, Kelley School of Business *Entrepreneurship and Strategic Management*	2011-2014
Masters	Indiana University, Kelley School of Business *Master of Business*	2011-2013
Masters	Purdue University, Krannert School of Management *Human Resource Management, OB, and Strategy*	2006-2008
Bachelors	Brigham Young University *English and Philosophy*	2003-2006

ACADEMIC POSITIONS

Assistant Professor	Indiana University, Kelley School of Business	2017-Current
Assistant Professor	Syracuse University, Whitman School of Management	2015-2017
Visiting Assistant Professor	Indiana University, Kelley School of Business	2014-2015
Associate Instructor	Indiana University, Kelley School of Business	2011-2014

INTERESTS

Research: Value creation through venturing, resourcefulness, resilience, identity (development, loss, and recovery), hybrid and community organizing, opportunities, and decision making
Teaching: Entrepreneurship, organization theory, opportunity recognition, decision-making, corporate entrepreneurship, leadership and strategy, international business, and consulting

RESEARCH

Refereed Research Publications

Grimes, M., Williams, T.A., & Zhao, E.Y. (In press) "Anchors aweigh: The sources, variety, and challenges of mission drift." (*Academy of Management Review*).

Wolfe, M., Patel, P., & Williams, T.A. (In press) "Self-employment and allostatic load." (*Journal of Business Venturing*).

Williams, T.A. & Shepherd, D.A. (In press) "To the rescue!? Brokering a rapid, scaled and customized venturing response to a widespread disaster." (*Journal of Management Studies*).

Shepherd, D.A & Williams, T.A. (2018) "Hitting rock bottom after job loss: Bouncing back to create a new positive work identity." *Academy of Management Review*, 43 (1): 28-40.

Williams, T.A., Gruber, D.A., Sutcliffe, K.M., Shepherd, D.A., Zhao, E.Y. (2017). "Organizational response to adversity: Fusing crisis management and resilience research streams." *Academy of Management Annals*, 11 (2): 733-769.

Williams, T.A & Shepherd, D.A. (2017) "Mixed method social network analysis: Combining inductive concept development, content analysis, and secondary data for quantitative analysis." *Organizational Research Methods*, 20(2): 268-298.

Williams, T.A. & Shepherd, D.A. (2016) "Building resilience or providing sustenance: Different paths of emergent ventures in the aftermath of the Haiti earthquake." *Academy of Management Journal*, 59 (6): 2069-2102.

Williams, T.A. & Shepherd, D.A. (2016) "Victim actors doing good and doing well: Venture creation and well-being in the aftermath of a resource shock." *Journal of Business Venturing*, 31(4): 365-387).

Shepherd, D.A., Williams, T.A., & Patzelt, H. (2015) "Thinking about entrepreneurial decision making: Review and research agenda." *Journal of Management*, 51(1): 11-46.

Shepherd, D.A. & Williams, T.A. (2014) "Local venturing as compassion organizing in the aftermath of a natural disaster: The role of localness and community in reducing suffering." *Journal of Management Studies*, 51 (6): 952-994.

Patzelt, H., Williams, T.A., & Shepherd, D.A. (2014) "Overcoming the walls that constrain us: Reactions to an entrepreneurship education program in prison." *Academy of Management Learning & Education*, 13 (4): 587-620.

Shepherd, D.A., Patzelt, H., Williams, T.A., & Warnecke, D. (2014) "How does the speed of project termination impact project team members? Rapid termination, "creeping death," and learning from failure." *Journal of Management Studies*, 51 (4): 513-546.

Books, Book Chapters and Published Conference Papers

Shepherd, D.A. & Williams, T.A. (Forthcoming). Spontaneous venturing: An entrepreneurial approach to alleviating suffering in the aftermath of a disaster. MIT Press.

Shepherd, D.A., Williams, T.A., Wolfe, M., Patzelt, H. (2016). Learning from Entrepreneurial Failure: Emotions, Cognitions, and Actions. Cambridge University Press.

Williams, T.A., Shepherd, D.A. (Forthcoming). *Trust in the Entrepreneurial Process*. In S. Sitkin and A. Nienaber (Eds.) Routledge Companion to Trust. Taylor & Francis.

Williams, T.A. & Shepherd, D.A. (2014) "Value through venturing: Resilience outcomes in the wake of potentially traumatic events." *The Academy of Management Best Paper Proceedings.*

Williams, T.A. & Shepherd, (2016). "Build Back Better? Local Ventures Alleviating Suffering after Disaster in a Least Developed Country." *Frontiers of Entrepreneurship Research BCERC Proceedings.*

Lindh, I., Williams, T.A., & Thorgren, S. (2017) "Trajectories of recovery from business failure: Divergent paths to 'try again' and move forward." *Frontiers of Entrepreneurship Research BCERC Proceedings*.

Williams, T.A. Thorgren, S., & McKelvie, A. (2017) "Penrosian resourcefulness and the emergence and performance of new firms: A strategy that holds?" *Frontiers of Entrepreneurship Research BCERC Proceedings*.

Select Working Papers

Williams, T.A, Zhao, E.Y., & Wiklund, J. "Overcoming resource constraints: A review and research agenda of entrepreneurial resource acquisition and new venture performance." (Revise and resubmit at *Journal of Business Venturing*).

Seyb, S.K., Shepherd, D.A., & Williams, T.A., "Exoskeletons, entrepreneurs, and communities: A model of opportunity co-construction." (Revise and Resubmit at *Journal of Business Venturing*).

Williams, T.A., Thorgren, S., & Lindh, I., "Trajectories of recovery from business failure: Divergent paths to 'try again' and move forward." (Revise and Resubmit at *Academy of Management Discoveries*).

Shepherd, D.A., Williams, T.A., & Zhao, E.Y. "A research agenda for exploring the micro-foundations of hybridity: An individual-opportunity nexus approach." (Revise and Resubmit *Academy of Management Perspectives*).

Williams, T.A. & Murphy, C. "Game over? A grounded model of spectral professional identities." (Under review at *Administrative Science Quarterly*).

Williams, T.A. & Shepherd, D.A. "Community and spontaneous opportunity co-creation: Shades of community integration in emergent organizing." (Under review at *Academy of Management Journal).*

Barton, M. A. & Williams, T.A. "Efficient realignment or taking a wrong turn?: Managing uncertainty and equivocality in critical entrepreneurial pivots." Manuscript in writing phase. (Target: *Journal of Business Venturing*).

Williams, T.A. "Micro-foundations of institutional logic shifts: Entrepreneurial action in response to crises." Manuscript in writing phase. (Target: *Academy of Management Review*).

Shepherd, D.A. & Williams, T.A. "Mental time travel for resilience: Entrepreneurial identity, compassion venturing, and positive functioning." Manuscript in writing phase. (Target: *Academy of Management Review*).

Shulist, P., Williams, T. A., Branzei, O., & Sutter, C. "Start off as you mean to go on: Establishing sustainability in a social intervention." Data gathering stage. (Target: *Academy of Management Journal*).

Vincent, L., Williams, T.A., Riley, B.K., Moss, T. "Virtue washing: Does using ethics-oriented words in the name of a company affect attributions of company behaviors?" Data gathering stage. (Target: *Academy of Management Journal*).

Williams, T.A. Thorgren, S., Fadnavis, S.S. & McKelvie, A. "Penrosian resourcefulness and the emergence and performance of new firms: A strategy that holds?" (in data analysis stage).

Refereed conference presentations

Bacq, S., Lumpkin, G.T., Williams, T.A., Aguilera, R.V., & Quelin, B. (2018). "Stakeholder Value Creation: From Focal Organizations to Community Action." *Strategic Management Society Annual Conference,* Paris, France.

Williams, T.A. & Shepherd, D.A. (2018). "Communities of Inquiry in Opportunity Co-creation: Shades of Hybridity in Emergent Organizing." *Strategic Management Society Annual Conference,* Paris, France.

Thorgren, S. & Williams, T.A. (2018) "Integrating Through Venturing? An Inductive Study of Nascent Immigrant Entrepreneurs." *Babson College Entrepreneurship Research Conference*, Waterford, Ireland.

Seyb, S., Shepherd, D.A., & Williams, T.A. (2018) "Exoskeletons, entrepreneurs, and communities: A model of opportunity co-construction." *Babson College Entrepreneurship Research Conference*, Waterford, Ireland.

Williams, T.A. (2018). "Facilitating compassion venturing in response to crises." *Winter Innovation Summit,* Salt Lake City, UT, United States

Jiang, W., Wrzesniewski, A., Leana, C., Maitlis, S., Hollister, M., Cohen, L., Broschak, J.P., Williams, T.A., Shepherd, D.A. (2017) "Dynamics of decline and loss in jobs, organizations, occupations, and work identity." *The Annual Meetings of the Academy of Management,* Atlanta, GA, United States.

Williams, T.A. (2017) "Micro-foundations of institutional logic shifts: Entrepreneurial action in response to crises." *The Annual Meetings of the Academy of Management,* Atlanta, GA, United States.

Shulist, P. et al. (2017) "Modifying measurement scales for use in contexts of poverty" *The Annual Meetings of the Academy of Management,* Atlanta, GA, United States.

Lindh, I., Williams, T.A., & Thorgren, S. (2017) "Trajectories of recovery from business failure: Divergent paths to 'try again' and move forward." *Babson College Entrepreneurship Research Conference*, Norman, Oklahoma, USA.

Williams, T.A. Thorgren, S., & McKelvie, A. (2017) "Penrosian resourcefulness and the emergence and performance of new firms: A strategy that holds?" *Babson College Entrepreneurship Research Conference*, Norman, Oklahoma, USA.

Williams, T.A., Lumpkin, G.T., Wright, M., & Le Breton-Miller, I. (2017) "More than just a business: Venturing, value creation and the multi-purposed "hybrid" organization." *Strategic Management Society Special Conference, Banff.* Banff, Alberta, Canada.

Williams, T.A. (2017) "Resilience in response to crisis: Capabilities to avoid drift and overcome routine and acute adversity." *Strategic Management Society Special Conference, Banff.* Banff, Alberta, Canada.

Williams, T.A. (2016) "Mobilizing meaning in times of crisis." *The Annual Meetings of the Academy of Management,* Anaheim, California, United States.

Williams, T.A. & Murphy, C. (2016) "Advances in identity work research: Opportunities, stickiness, toolkits, and legitimacy." *The Annual Meetings of the Academy of Management,* Anaheim, California, United States.

Shepherd, D.A. & Williams, T.A. (2016) "Escaping identity loss: Bouncing back to create a new positive work identity." *The Annual Meetings of the Academy of Management,* Anaheim, California, United States.

Williams, T.A. (2016) "Victim entrepreneurs doing well by doing good: Venture creation and well-being in the aftermath of a resource shock." *Babson College Entrepreneurship Research Conference*, Bodø, Norway.

Williams, T.A. & Shepherd, D.A. (2016) "Build back better? Local ventures alleviating suffering after disaster in a least developed country." *Babson College Entrepreneurship Research Conference*, Bodø, Norway.

Williams, T.A. & Shepherd, D.A. (2015) "Victim led compassion organizing" in the "Dilemmas of Compassion Symposium." *The Annual Meetings of the Academy of Management,* Vancouver, B.C., Canada.

Williams, T.A. & Shepherd, D.A. (2014) "Bridging or bonding? Entrepreneurs' brokering resources for new venture emergence." *Babson College Entrepreneurship Research Conference,* London, Ontario, Canada.

Williams, T.A. & Shepherd, D.A. (2014) "Value through venturing: Resilience outcomes in the wake of potentially traumatic events." *The Annual Meetings of the Academy Management,* Philadelphia, Pennsylvania, United States.

Shepherd, D.A., Williams, T.A., & Patzelt, H. (2014) "Thinking about entrepreneurial decision making: Review, integration, and research agenda." *The Annual Meetings of the Academy Management,* Philadelphia, Pennsylvania, United States.

Patzelt, H., Williams, T.A., & Shepherd, D.A. (2013) "Overcoming the walls that constrain us: Reactions to an entrepreneurship education program in prison." *The Annual Meetings of the Academy Management,* Orlando, Florida, United States.

Shepherd, D.A., Patzelt, H., Williams, T.A., & Warnecke, D. (2013) "How does the speed of project termination impact project team members? Rapid termination, "creeping death," and learning from failure." *The Annual Meetings of the Academy Management,* Orlando, Florida, United States.

Shepherd, D.A. & Williams, T.A. (2012) "Organizing in the aftermath of 'Black Saturday': The role of localness and community in reducing suffering." Presented in the "Entrepreneurial Resilience and Resourcefulness" PDW. *The Annual Meetings of the Academy of Management,* Boston, Massachusetts, United States.

Data gathering initiatives and grant applications

Thorgren, S. & Williams, T.A. "Advancing, falling, or disappearing after immigration: Assimilation and adaptation through entrepreneurship?." Kamprad Foundation grant (awarded). *Anticipate 3 papers from the grant focusing on immigrant-entrepreneurs.*

Thorgren, S. & Williams, T.A. "Value is in the eye of the beholder? Resource interpretation, access, and orchestration and its influence on new venture performance". Handelsbanken Research Foundations grant (awarded). *Anticipate 2-3 papers from the grant focusing on resource approaches in new ventures.*

ACADEMIC SERVICE

Review board member:

- *Journal of Business Venturing*
- *Entrepreneurship Theory & Practice*

Ad-Hoc Reviewer:

- *Academy of Management Journal*
- *Strategic Management Journal*
- *Journal of Management Studies*
- *Strategic Entrepreneurship Journal*
- *Academy of Management Learning & Education*

Doctoral student mentorship:

- Co-Chair—Stella Seyb (2017—present)
- Committee Member—Cindy Liu (2016-present)
- Committee Member—Wei Yu (2015—present)

UNIVERSITY SERVICE

Kelley Direct (IU's online education) curriculum redesign	2017-Present
EEE Department Research Seminar Coordinator	2015-2017
EEE Faculty Search Committee	2016-2017

COURSES TAUGHT

Strategic Capabilities (C-562; Required course for Kelley Direct MBA)	*Indiana University*
Venture Strategies (W-511; Elective course for Kelley resident MBA)	*Indiana University*

Introduction to Entrepreneurship and Emerging Enterprises (EEE 370)	*Syracuse University*
Opportunity Recognition and Ideation (MBC 610, Required MBA course [two sections, including one section as part of the Defense Comptrollership Program—DCP])	*Syracuse University*
Explore Entrepreneurship (W 212)	*Indiana University*
Venture Ideas (W 232)	*Indiana University*
Leadership and Strategic Management (J 306)	*Indiana University*
Global Business Immersion: Social Entrepreneurship and Economic Development in Costa Rica (D-272)	*Indiana University*

-Including international travel component to San Jose, Costa Rica

SELECT NON-ACADEMIC PROFESSIONAL EXPERIENCE

Senior Associate 2010-2011
PwC Advisory, Dallas, TX
Senior Consultant 2008-2010
Deloitte Consulting LLP, Irving, TX
MBA Intern Summer 2007
Dell Computer, Round Rock, TX
Client Account Specialist for Internet Marketing Start-Up 2006
10xMarketing, Orem, UT
Brand Management Consultant with Marketing Start-Up (3rd employee) 2005-2006
Stone Mantel, Colorado Springs, CO

AWARDS, HONORS, AND GRANTS

2018 Kelley School of Business Eyster Teaching Award 2018

- Award given for pedagogical innovation that facilitates the creation and dissemination of knowledge to enhance the teaching and learning process in graduate level classes that can impact other classes at the Kelley School of Business

Responsible Research in Management 2017 Inaugural IACMR Presidential Award 12/22/2017

- The purpose of this inaugural award is to discover good scholarship in management published in the recent five years that focus on important issues for business and society with rigorous research methods and credible results.

Kamprad Foundation grant (IKEA group) (Sweden) 2017

- The purpose of the Kamprad Family Foundation is to support, stimulate and reward education and scientific research to promote entrepreneurship, the environment, competence, health and social improvement. It will focus specifically on implementing the results of the research and education to benefit the many people quickly and cost-efficiently.

Handelsbanken Research Foundations grant (Sweden) 2017

- This foundation is dedicated to advancing research in the social sciences. The Handelsbanken board reviews applications each year and focuses on projects that create both academic and practitioner-oriented impact.

Finalist—TUM Research Excellence Award in Innovation, Entrepreneurship, and Leadership 2018 of the Peter Pribilla Foundation 2017

Best Professor and Graduation Marshall, Whitman School of Management Graduate Defense Comptrollership Program (DCP) 2015-2016

- The DCP program is a unique cooperative between Syracuse and the Department of Defense. The curriculum is a 60 credit hour program that the students complete in 14 months. Graduates are awarded a MBA degree and an Executive Master of Public Administration degree and take class from the Whitman School of Management and the Maxwell School of Public Policy.

Received the annual Guttag Junior Faculty Award given to one pre-tenure, Junior Faculty member (throughout all of the Whitman School of Management, Syracuse University) for research productivity and quality 2015-2016

Best Paper, *Academy of Management* annual meeting, Philadelphia, PA 2014

IU Center for International Business Education and Research (CIBER) research grant [for case study in Port-au-Prince, Haiti] ($4,500) 2012-2013

IU Kelley School Center for Business of Life Sciences (CBLS) research grant ($1,500) 2013

Participant: AOM Entrepreneurship Doctoral Consortium 2013

William Panschar Undergraduate Teaching Award, Indiana University 2013-2014
Annual award for Associate Instructors across all departments at Kelley

Doctoral Student Association Outstanding Associate Instructor Teaching Award 2013-2014
Kelley School of Business, Indiana University

Mary Douglass CEO and Founder
Infinity Financial Group, Inc., a non for profit organization
offering Financial Education, Credit Counseling, Financial Planning
mary@infingrp.org
317-572-8470
1602 West Northgate Street
Indianapolis, IN 46228

At Infinity Financial Group (IFG) we believe that there are two things that effect everyone in the world: (1) Your physical health, and (2) your financial health. We have learned that when you are not financially healthy, your physical health ca be negatively affected as well. Most people in America understand the concept of making money and living paycheck-to-paycheck to take care of their living expenses. What they do not understand is that they have ultimate control of their income and what takes place with their income. Learning money management skills at an early age in the real world prepares a person to live a stable and healthy life due to their financial health.

You have to be able to manage your income for the rest of your life. Why not start learning while you're young.? We teach you basic money management skills 101 to enjoy and live a peaceful life financially and physically.

Mary Douglass has been in the finance field for over 20 years. Overtime, she has helped people make money and let their money work for them for retirement. Working for Westpoint Financial Group as a Practice Manager, she was the person behind the scenes reallocating, and diversifying accounts, creating new accounts, building a rapport with clients on how to invest their retirement plans in that time. Her degree is in accounting, and she is a certified credit counselor.

Mary currently works with Community Health Network OBGYN office as a service representative and financial counselor. Since the establishment of Infinity Financial Group in 2017, she has worked educating youth on how to NOT go into debt. She has worked in collaboration with the following schools:

Pike Township High School

Tindley Accelerated School

Lawrence Central High School

Northwest High School

Additionally, Mary provides monthly financial education classes for the Indianapolis Public Library and serves on the board for Mothers of strength and Ignite Academy. Mary has conducted 2 seminars with MOS and Credit counseling for Hancock County Women's resource Center. Working one on one with individuals that want to understand how their credit works and how to get out of debt. Repairing their credit creating budgets for daily living expenses life skills, and financial planning for your future. Over the years Mary has learned that people do not

understand the value of a dollar and how to manage their income. Motivation for IFG establishment was seeing clients make less than 30k a year and no debt, great credit, and little stress, then seeing another person making over 100k a year and drowning in debt; IFG understands that people learn to make money, and people learn to spend money, but what people do not understand is the value of the dollar and how to manage money.

The IFG company goal is to ensure you hold yourself accountable for the choices you make and understanding the difference between a need and a want.

Where IFG offesrs life changes by;

Repairing your Past, Monitoring your Present, Preparing your Future

Financial Education, Credit Counseling, Financial Planning

This component of the Family Protection Plan provides you and your family with personalized financial and credit counseling services. IFG provides access to financial education and counseling through a variety of delivery methods including telephone, online tools and live chat sessions.

Whether you are renting or buying a home, having problems with debt, or setting up a trust, this financial education program is designed to provide you and your family with the tools necessary to make better financial decisions. Personal financial guidance and education is provided.

Financial Workshops
(Adults)

Financial basics. Here are a few topics. Workshops contain helpful information that will start you in the right direction.

- **Money Management Budgeting 101**
- **The Most Common Ways You Waste Money (and How to Save It)**
- **A Step-by-Step Guide to Getting Out of Debt**
- **How To Check and Improve Your Credit Score**
- **Step-by-Step Guide to a Healthy Emergency Fund**
- **How to Start Saving for a Home Down Payment**

(youth) K-12

- **Smart About Money (Understanding SAM)**
- **Your Spending, Your Savings, Your Future: A Beginner's Financial Readiness**

Tamela Ingram-Hamer
9617 North Highgate Circle
Indianapolis, IN 46250
Mothersofstrength17@yahoo.com
317-627-7211

Tamela Ingram-Hamer, founded Mothers of Strength (MOS) in September 30, 2017. Tamela being a single mother to two children for 15 years, wants to encourage young mothers with positive support. Mothers often feel like they don't have the support or love they need to be confident and successful, so there is a strong need for our organization. MOS is a group that offers guidance and information to single mothers and their children by giving them: Love, Help, Support, and Life Skills Instruction!

As a single mother herself, Tamela understands the challenges that single mothers face daily. As a mother, she understands the importance of having a support system to help overcome obstacles that life brings. MOS is providing a sisterhood for single mothers and their children.

MOS is always giving back to the community, holding monthly meetings and workshops to educate her young mothers on managing money and budgeting, healthy eating, and job skills. MOS also provides pampers, clothing items, wipes, gift cards, food, gas cards, formula, housing information, and child care. MOS is also trying to build healthy communities and fill in the gap for those who may be in need. The vision of MOS is to grow beyond our community and become a worldwide organization.

Tamela has also served as hospitality leader of the Christ Church ministries for the last 7 years. Serving in various capacities over her 16 years of membership, hospitality has had the most impact and direct connection with the congregation. As the leader of hospitality for the Church, she provided leadership to 10 members, greeting visitors every Sunday and working special church services and conventions and making direct calls and thank you connections with new visitors and guests.

Tamela currently works at Clearvista Womens Care working with 15 OBGYN doctors as a patient service representative and coordinator, making sure that patient care comes first. Tamela worked as a personal and office assistant to Dr. Taylor at Caring Smiles 4u Dentistry and coordinated office duties and responsibilities Special Smiles Pediatric Dentistry as well as Oral Health Research between 2012-2016. Tamela has taken on various administrative roles in medical and professional offices throughout her career and knows the value of education to encourage and strengthen self-confidence in single mothers.

EDUCATION:
IUPUI, Indianapolis, IN
2014 - present Major Psychology Minor Biology
Ivy Tech State College, Indianapolis, IN
2009 - 2012 Major: Psychology

Bryce Johnson

COO, Fusion Ed

rbrycej@gmail.com

Summary

My work is to create programs and learning environments that help young people connect their deepest motivations to their goals, and enter the job market with certified, in-demand skills.

Experiences include:

* Own it! is our Mindset Training & Learning Profile for teens and young adults. Tens of thousands of students have completed the program and are driving their own personalized improvement program to success in early adulthood.

* 15 years creating integrated media messages and managing the business of creative production, for firms and clients ranging from start-ups to the Fortune 500, and for foreign and domestic audiences.

* Adept manager of both people and budgets. Affirmative, entrepreneurial approach to management and problem solving.

* Co-founder of Fusion Ed, EliteMeetings.com, and SpeedRFP.com.

* Significant experience across management, operations, finance, training, and sales and marketing

Experience

COO
October 2013 - Present

General Manager, Executive Producer
August 2012 - October 2013 (1 year 3 months)

COO & Executive Producer at Elite Meetings International
January 2006 - July 2012 (6 years 7 months)

Executive Producer Creative Services
April 2004 - December 2005 (1 year 9 months)

Executive Producer Creative Services
June 1999 - April 2004 (4 years 11 months)

Education

University of Southern California
MFA, Film & Media Producing, 1997 - 1999
Brigham Young University
BFA, Film Writing & Directing, 1989 - 1995

David C. Genet

1244 Delia Avenue Akron, Ohio 44320
T: 330.766.4960 E: davidgenet26@yahoo.com

Objective

Advance my career by contributing my acquired knowledge, accounting experience, and analytic skills within a goal-oriented company.

Experience

Controller – LS Ohio, LLC — March 2013 - Present

- Analyze data obtained for evidence of deficiencies in controls, fraud, and non-compliance with laws and/or established standards such as Dodd-Frank Act, FACTA, FCRA, and rules promulgated by the CFPB.
- Identifies and balances account information, including remittances, credit/debit adjustments, invoice payments, and client activity
- Conduct daily audits on various reporting systems including daily check register and daily reversal reports
- Provide all information during external audits
- Manage, coordinate, and audit all daily activity encompassing the firm's 44 trust accounts in order to remain compliant with IOLTA banking standards and regulations
- Management, review, and approve all daily account transfers, EFTs, and wires
- Conduct research and approve/deny all trust account positive pay items

Senior Accountant – LS Ohio, LLC — March 2013 - Present

- Analyze data obtained for evidence of deficiencies in controls, fraud, and non-compliance with laws and/or established standards such as Dodd-Frank Act, FACTA, FCRA, and rules promulgated by the CFPB.
- Identifies and balances account information, including remittances, credit/debit adjustments, invoice payments, and client activity
- Conduct daily audits on various reporting systems including daily check register and daily reversal reports
- Provide all information during external audits
- Manage, coordinate, and audit all daily activity encompassing the firm's 44 trust accounts in order to remain compliant with IOLTA banking standards and regulations
- Management, review, and approve all daily account transfers, EFTs, and wires
- Conduct research and approve/deny all trust account positive pay items

Internal Auditor – Weltman, Weinberg, & Reis Co. LPA — March 2013 - Present

- Analyze data obtained for evidence of deficiencies in controls, fraud, and non-compliance with laws and/or established standards such as Dodd-Frank Act, FACTA, FCRA, and rules promulgated by the CFPB.
- Identifies and balances account information, including remittances, credit/debit adjustments, invoice payments, and client activity
- Conduct daily audits on various reporting systems including daily check register and daily reversal reports
- Provide all information during external audits
- Manage, coordinate, and audit all daily activity encompassing the firm's 44 trust accounts in order to remain compliant with IOLTA banking standards and regulations

- Management, review, and approve all daily account transfers, EFTs, and wires
- Conduct research and approve/deny all trust account positive pay items

Tax Auditor Agent- Ohio Department of Taxation January 2010 – March 2013

- Perform extensive research to produce sales/use, employer withholding, and liquor markup audit leads for the state
- Establish audit periods, conduct comprehensive reviews of capital, determine sample periods for reviews of expenses, and perform block/statistical sampling of expenses
- Onsite review of taxpayer records to determine accounts of interest to review during established sample period
- Present preliminary and final audit results to taxpayers and create audit remarks for the assessment division
- Perform audit review for employer withholding audits
- Brought in approximately $1.5 million dollars of tax assessments during last year employed for ODT
- Involved in several projects from the planning stage to audit completion as lead auditor.

Staff Accountant - Ajilon Finance - Independence, Ohio November 2009- January 2010

- Perform the weekly and monthly recap: revenue/ expense tracking, projections, and update aging of A/R and Funds on Deposit.
- Research accounting transactions as requested by Accounting Manager
- Perform accounting data entry and post to the general ledger (accounts payable, credit memos, refunds, write-offs)
- Auditing all emergency check requests for appropriate payee, reason for request, approved requestor, and an approved authorizer.

dg

Junior Accountant - V. George Burson CPA, Warren, Ohio January 2004- January 2010|

- Accounting Associate
- Prepared individual, partnership and corporation returns and assisted with additional projects as assigned

Board Relations and Compliance Associate –

White Hat Management, Akron, Ohio April 2007- August 2009

- Worked with state Departments of education and reviewed federal and state charter school law for the purpose of new business development
- Created the company's Board Relations Procedural Manual and Policy Manuals for School Boards.
- Created and maintained all Florida School Corporate Record Books
- Served as a Charter School Board Liaison: Prepare and create public notice, agendas, minutes, and Board Books

Education

Masters of Business Administration May 2016

Franklin University – Columbus, Ohi

Masters of Science in Accounting January 2013

Franklin University – Columbus, Ohio

Bachelors of Science in Forensic Accounting – Magna Cum Laude May 2009

Franklin University – Columbus, Ohio

Certification

CPA - In process

Skills

Analytical problem solver with strong figure aptitude and ability to quickly grasp complex concept

Highly developed customer service and communication skills

Competent in income tax preparation for many types of returns; individuals, partnerships, and small corporations

Proficient with 10 Key, all Microsoft Office programs, ATX Max, I was recognized by Intuit Inc. as a QuickBooks® Certified User in 2010, ACL, and Microsoft Dynamics GP

Denise Otteni-Jones

(814) 462-6117 3663 St. Route 44, Rootstown, OH

dottenijones@gmail.com

Accomplishments

- 32 High School Graduates, 2018 (Dropout Recovery High School)
- 20 yrs. Public Education Administrative Experience
- 10 years Consecutive IDEA Compliance
- 3/3 Successful Due Process Proceedings
- ALICE Instructor (Active Shooter Response)

Professional Experience

Director of Special Programs (July 2018-Present) *Life Skills High Schools-Ohio*

High School Principal (July 2017-June 2018)-*Life Skills High School-Youngstown*
Coordinate, direct and supervise students and staff, manage all daily curriculum, assessment, instruction and operational aspects for a Drop Out Recovery High School, enrollment 85, 100% economically disadvantaged. Responsibilities include: articulated/shared vision of continuous improvement through development/implementation of OIP; ensure quality standards based instruction that result in higher levels of student achievement; allocate resources and manage school operations to ensure a safe productive learning environment; develop strong community engagement activities that support increased attendance, retention and student goal completion/graduation.

Director of Special Education (2006-2017) **-** *Corry Area School District (Comprehensive HS CTC)* Direct, supervise and evaluate ALL district K-12 special education, 504 and gifted programs/services; Lead spokesperson concerning special education matters; maintain compliance with laws and regulations governing the delivery of special education services for 545+ students with IEPs; oversee budget, medical access billing, coordinate parent workshops and parent mentor program; direct early intervention transition activities; implement pre-employment instruction/training partnerships for students; facilitate dispute resolution processes; collaborate with building administrators regarding discipline, positive behavior support efforts and related services; work closely with outside agencies to ensure continuum of services

Emergency Management Coordinator (1996-Present) -*Corry Area School District*
Oversee District's emergency preparation/ operations (mitigation, response and recovery); assist in development of building level EOPs; serve as co-chair for District's Safety Security Committee, work closely with county and community emergency response agencies & school resource officer: Implement safety training and drills, educate school staff, students, parents and community

Adjunct Professor (2007-2012) **-***Gannon University, Graduate School of Education*
Instructed graduate level courses: Curriculum, Assessment, and Instruction; Administration of School Personnel; Contemporary Issues in Special Education; Development of Special Education Programs and Partnerships; Multi-cultural Aspects in Education

Middle School Principal 7-8 (1998-2006) **-***Corry Area Middle-High School*
Responsibilities: special education liaison 7-12; coordinator of secondary curriculum, budget, professional development, managed operational, educational, and personnel policies, assisted and guided all educational activities, reviewed lesson plans, pre/post observation conferences; maintained student intervention/discipline; supervised/evaluated middle school staff and Level I instructors 7-12 (28)

Dean of Students (1996-1998) **-***Corry Area Middle-High School*
Administrative duties such as assign student behavior consequences; facilitate parent conferences, teacher meetings, and supported middle and high school principals

Emotional Support Teacher Grades 7-12 (1990-1997) -*Corry Area Middle-High School*
*C*oordinated/facilitated all special education instruction and support services for students with emotional disturbance/social disabilities, grades 7-12

Credentials

- Ohio 5-year Professional License Superintendent, Principal
- ALICE Instructor (Active Shooter Response)
- PA Art Education, Special Education K-12
- PA Secondary School Administration (1996)
- PA Superintendent (2005)

Professional Activities

Special Education, Curriculum, Instruction:
Successfully integrated Special Education into the School Improvement Grant (SIG) process, Co-presenter of PA Educator Effectiveness Evaluation System, PA Common Core Standards; IEP Academy for Teachers & Administrators; New Teacher Induction; Why Culture Counts-Teaching students in Poverty; ACT 48 Committee Chair; Designed/Implemented AEP/Dropout Prevention Programs; Bus Driver Disability Awareness; Implemented Special Education Parent Advisory Committee (SEPAC); Parent Mentor Program; established partnership with OVR and Goodwill Services Inc. to implement "Project YES"

School Safety:
Certified ALICE Instructor- (Active Shooter Response), Crisis Management in Public Schools, Emergency Response Drills, Instructor-EMT, CPR, First Aid, Trainer-C.E.R.T. (Community Emergency Response Team), Peer Crisis Counselor- Erie, Crawford and Warren County (Critical Incident Stress Debriefing), District and City of Corry Emergency Response Plan Coordinator/Trainer, Co-Coordinator District's Safety Committee, Bus Driver Safety Courses

Educational Leadership Abilities

- Reliable, dependable with strong sense of integrity & work ethic
- Ability to manage difficult or emotional students, staff, parents & community members
- Able to motivate, develop and direct people
- Ability to work in diverse educational community settings
- Support, supervise & empower educators in collaborative learning & shared leadership
- Ability to work under pressure, effectively prioritize & execute tasks
- Positively engage parents & community members in educational process
- High expectations that support consistent high quality standards-based & research-based instruction that result in learning, achievement & well being

MARY ANN SCHNEIDER, PH.D.

3060 Lake Rd, Silver Lake, OH 44224 ▪ 330.858.3273 ▪ mas12250@gmail.com

EXECUTIVE SUMMARY

MY CAREER COMMITMENT CONTINUES TO BE DEVOTED TO CONNECTING ENGAGED LEARNERS OF ALL AGES WITH ONGOING OPPORTUNITIES TO LEARN. TODAY WE MUST SUPPORT OUR STUDENTS IN THE ACQUISITION OF TRADITIONAL CONTENT AS WELL AS THE ESSENTIAL 21ST CENTURY SKILLS REQUIRED TO BE SUCCESSFUL IN TODAY'S COMPLEX, INTERCONNECTED WORLD. WE MUST EMBRACE THE OPPORTUNITIES TO EDUCATE TODAY'S LEARNERS IN A VARIETY OF WAYS. THIS REQUIRES AN UNDERSTANDING OF THE STUDENT -- WHAT STRENGTHS, CHALLENGES, LEARNING STYLES, AS WELL AS PHYSICAL AND SOCIAL/EMOTIONAL CIRCUMSTANCES. WE MUST OFFER STUDENTS AUTHENTIC LEARNING EXPERIENCES RANGING FROM EXPERIMENTATION TO REAL-WORLD PROBLEM SOLVING. STUDENTS ARE BORN WITH A POWERFUL DESIRE TO LEARN. EVERYTHING WE DO AS EDUCATORS MUST ENSURE THAT THIS POWERFUL DESIRE IS KEPT ALIVE. WE ARE PREPARING OUR STUDENTS FOR CAREERS THAT DO NOT EVEN EXIST YET.

AREAS OF PROFESSIONAL COMPETENCE AND KNOWLEDGE

- Keen understanding of the impact education and technology make in society today
- Committed to the use of data to drive planning and decision making -- including student achievement data as well as other continuous improvement data supporting successful business strategies
- Dedicated to bringing together students, teachers, and community and business leaders to create a community of lifelong learners focused on achieving the competencies required today and in the future
- Capable of managing operations at multiple schools in multiple states
- Proficient in the development and management of budgets for schools, campuses, and multi-state divisions to maintain a positive net gains at the end of the fiscal year
- Committed to employing technology systems to create, manage, and support the strategies required for connecting and engaging students with synchronous and asynchronous learning opportunities
- Understanding of state and federal requirements for accountability

PROFESSIONAL EXPERIENCE

Notre Dame College

Dean Finn Center for Adult Graduate and Professional Programs Directing all operations from recruitment through graduation for Online and Adult enrolment. Develop and deploy academic degree programs, professional development offerings, and business to business micro training programs. Oversight of all divisional programs, faculty, accreditation, and evaluation activities. Academic officer reporting to the Vice President of Academic and Student Affairs

Educate21 LLC

President & Owner Providing consulting services to support 21st Century Learning. These services provide a unique combination of strategies and solutions to drive student achievement as well as successful use of staff and operational effectiveness.

White Hat Management (2006 – 2010)

Chief of Academics – Corporate Office Directed academic program for 36 charter schools in 6 states

- Served as member of Chief Operating Officer's senior management staff. Activities included business-level discussion and decisions, creating our balanced scorecard vision and strategy, enterprise-level decisions, standardization of best practices, and project governance oversight.

- Developed strategy map supporting corporate and schools balanced scorecard. This map identified the critical objectives to align our strategy to achieve our academic and corporate goals.
- Engaged teams to review, revise, and enhance curriculum to improve student engagement and achievement.
- Engaged teams in curriculum mapping, curriculum selection, and using formative and short cycle assessments to improve student achievement.
- Developed blended model of Middle grade curriculum combining online learning with classroom support

- Began the vision of best practice sharing across all 36 schools using virtual tools for connecting teachers and staff in 6 states. The Ohio distance school will deploy this tool with families October 2010.

Vice President DELA schools Managed 3 state-wide public, K-12 online charter schools

- Responsible for annual strategic plans and operations budget of $18 million for schools in three states.
- Managed state and federal Title funds – and subsequent annual required audits.
- Regularly met with state boards, school boards, and state regulatory groups.
- Developed data analysis tools to support decision making and support academic achievement.
- Met all internal audit, risk assessment reviews, as well as all satisfied all state and federal audits with no findings noted.
- Developed corporate and school-wide communication tool using web application for advanced "instant message" technology that allows real time desktop sharing and other tools for sharing best practices across all three states.
- Launched new Learning Management System to serve K-12 learners online,K-8 traditional in-class learners, and drop out recovery students .
- Specified requirements for Live Learning technology to support online instruction, group collaboration, communication systems both internal and with parents – launched and created train the trainers program to support the sustainability of the tools.

Superintendent Ohio Distance & Electronic Learning Academy

- Implemented major curriculum overhaul, directed all school operations for a K-12 online public charter school with 3000 plus students and achieved continuous improvement status in the first year.
- Achieved Continuous Improvement status in one year
- Created a virtual academic support system of Recovery Teachers geared to improve reading and math achievement. Teachers held virtual remediation and acceleration sessions as well as face to face Math and Reading fairs across the state each month.
- Created online training program to orient students to online learning, collaboration, which included an identification of student learning styles.
- Created program for parents and guardians to help them facilitate student learning at home or at any location or time of day.

Capital University, Cleveland, Ohio (2004 – 2006)

Executive Director Cleveland Center provided direction and oversight for all center operations and academic programs. Served on area boards, developed community connections, supported recruitment and outreach, and engaged in fundraising activities.

- Developed enrollment plans designed to increase the academic standing of incoming students and enhance retention.
- Served on Warehouse District Board, Cleveland, OH. Board served business and community members in this neighborhood which included business development, connections with K-16 institutions, and supporting community events and activities.
- Designed One-stop Student Services & Support operation. This project included identification of services, partial renovation of facilities, project mapping, and a plan for further renovation.
- Developed Campus Retention Plan that designed retention programs of typical freshman, non-traditional students, and off-site enrollments.

- Designed campus awareness programs on academic success, career decision-making, and other issues such as health and substance abuse relevant to student success in college.
- Instrumental in the development and monitoring of all 12 department budgets for the new School of Education, Professional Studies, and Social Work.
- Established Capital University Cleveland Center's wireless environment; developed streaming courses to utilize faculty resources and increase offerings for all three Centers' students.

The University of Akron Wayne College, Orrville, Ohio (2002 – 2004)

Senior Director for Student Life and Enrollment Management

Provided leadership for all the student services and support operation. Areas contained within this division include Recruitment, Admissions, Registration, Academic Advising, Career Services Center, Testing and Assessment Center, New Student Orientation, Financial Aid, Fall Student Convocation, and Student Leadership & Programming. Worked with area community and school personnel to develop programs for area K-12 students in early college programming and Post Secondary enrollments.

Kent State University, Kent Campus, Kent, Ohio (2000 – 2001)

Project Coordinator Paul H. Jones Child Development Center

Directed grant activities for Ohio Board of Regents (OBR) "Teacher Preparation Program: The Eight-Campus Collaboration." Responsibilities included budget management, web page support, academic program review, and collaboration with campus personnel and Head Start teachers in our surrounding communities.

- Administered and supported OBR grant for assisting Head Start teachers with reading strategies and establishing their academic/career plans toward licensure.
- Developed a course/seminar on the effective use of technology in the classroom.
- Served as a community member of the Cleveland Municipal Schools' School Performance Indicators building review process.
- Received $156,000 Ohio Board of Regents Technology Grant for Web and Distance Technology to create web and distance access for educators and support training and communication efforts.
- Member of NCATE review team in preparation of documents for accreditation.

Kent State University, Kent Campus, Kent, Ohio (1999 – 2000)

Associate Director for Operations Center for Educational Leadership Services

Provided leadership for the operations of a "self-supporting center" that provided instructional support services to school districts in Ohio and nearby states. Performed school instructional evaluations as a part of the State of Ohio "District Continuous Improvement Process."

- Using grants from Phi Delta Kappa, United States Department of Education, state and local funding worked with school districts in the areas near or in Cleveland, Elyria, Columbus, Dayton, and Cincinnati as well as Gary IN as they developed articulated instructional plans for their preK – 12 districts.
- Presented at the National Effective Schools Conference on Instructional Design as a major component to the Effective Schools process.
- Trained teachers in the development of quality assessments to be used as diagnostic tools, benchmark assessment, and authentic culminating activities.

I also have had experiences in the manufacturing sector within the automotive, machining, and assembly industries. More details can be provided on this experience.

EDUCATION

Ph.D. Kent State University; Kent, Ohio
Major: Educational Administration
Minor: Career Counselling

M.Ed. Kent State University; Kent, Ohio
Major: Educational Administration, Student Personnel Services

A. A. Cuyahoga Community College, Cleveland, Ohio

Post GRADUATE Work

Capital University, Columbus, Ohio
Certified Business Analyst

University of Wisconsin, Milwaukee, Wisconsin
CACUBO Collegiate Management Institute

Jim Blair

Co-Founder and CEO at Fusion-Ed

blair.jim@gmail.com

Summary

Working to create incredible learning environments where technology helps to personalize career pathways and hands-on training leads to certification and job placement.

Experience

Co-Founder
April 2013 - Present

VP, World Languages at K12, Inc.
October 2007 - October 2013 (6 years 1 month)

Founder and CEO at Power-Glide
July 1997 - October 2007 (10 years 4 months)

Partner
April 1992 - July 1997 (5 years 4 months)

Education

BYU
BA, English, 1991 - 1995
Activities and Societies: Association of Collegiate Entrepreneurs.

YOUR NAME

DIRECTOR OF ASSESSMENT AND ACCOUNTABILITY |
WWW.LINKEDIN.COM/IN/

KAREN E. LUEHRMAN

DIRECTOR OF ASSESSMENT AND ACCOUNTABILITY |
WWW.LINKEDIN.COM/IN/
KAREN-LUEHRMAN-520B6357

OBJECTIVE

My experience in both public, public charter, and non-public schools from 4^{th}-12^{th} grades have given me the unique perspective of curriculum and assessment implementation in the State of Ohio. Working from a team perspective always, I've received unique opportunities to effect change at every school in the classroom, school administrative positions, and district/network levels. This affords me the tools to help share my experience, so we may effect change toward excellence in education. To further the strong education of all students in the school drives my passion in education.

SKILLS

Experienced Instructional Coach, Curriculum developer, and Assessment Director with a demonstrated history of working in the Education Management

EXPERIENCE

Dec. 2016-present
Director of Assessment of and Accountability at Life Skills High Schools Corporate Office

October 2016-December 2016
School Improvement Instructional Coach at Life Skills High School Northeast Ohio

July-Oct. 2016
Interim Principal Life Skills High School Middletown

September 2015 -June 2016
Assistant Principal/ Instructional Coach Life Skills High School Cincinnati

August 2014
Cincinnati Hebrew Day School English Language Arts Middle School Teacher

May 2012-14
Clerical Support Behavioral Health Specialists, Telecommute
Experience/skills- billing/Claims, credentialing, scheduling

Aug 2010-12

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YOUR NAME

DIRECTOR OF ASSESSMENT AND ACCOUNTABILITY | WWW.LINKEDIN.COM/IN/

industry. Skilled in Writing, Educational Leadership, Classroom Management, Technical Writing, and Educational Technology. Strong education professional with two Master of Arts (M.A.) degrees focused in Educational, Instructional, and Curriculum Supervision from Northern Kentucky University.

Instructional Coach/Tichenor Middle School

Aug 2007 May 2010
Tichenor Middle School/Kentucky
8th grade Language Arts –Writing Cross-Curricular Leader/Classroom teacher/English Department Chair

Aug. 2004 May 2007
Tichenor Middle School/Kentucky
Language Arts (7th grade Portfolio Coordinator)

2006-2010
Speech and Drama Coach-Each year have qualified at least 2 students for State Competition

RECOMMENDATIONS

Mrs. Luehrman is a burst of light and passion and would certainly make an impactful and positive addition to any establishment. She is dependable, detail-oriented and extremely personable; allowing those around her to have fun, feel at ease and themselves in her presence. Further, she is intuitive to the needs of those around her, she is helpful, and would welcome

EDUCATION

Education:
2013-current
Professional Development and College Courses as needed per certificate and professional knowledge

2013
Good Samaritan Hospital Clinical Pastoral Education/One Unit

2010-2012
Kentucky Department of Education Cohort developing curriculum aligned to the Kentucky Core Academic Standards. Continued into the Literacy by Design Collaborative funded by the Gates Foundation

EMAIL **TWITTER HANDLE** **TELEPHONE** **LINKEDIN URL**

YOUR NAME

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and assist students and teachers with the utmost care and attention. She is a true-educator and a fearless adventurer who would thrive in any environment. Highly recommended- Jonathan Tan https://www.linkedin.com/in/jonystan

2008-2010
Northern Kentucky University
MA in Instructional Leadership
2006
Northern Kentucky Writing Project
Trained as Writing Consultant

2004
Northern Kentucky University
MA in teaching Secondary English
Awarded Who's Who among Students in American Universities and Colleges

2000
University of Cincinnati
BA in English

Certification:
2010
Principal certification—Kentucky

2014
Ohio-renewed license 7-12

2004
Kentucky grades 5-12
Ohio grades 7-12

EMAIL **TWITTER HANDLE** **TELEPHONE** **LINKEDIN URL**

Robert Lockwood Fox

robertlockwoodfox@gmail.com
517 Aqueduct Street ■ Akron, Ohio ■ 44303 ■ 330.606.8661

SUMMARY

Experienced organizational leader and operations professional with a demonstrated history of working in the education management industry. Skilled in Nonprofit Organizations, Event Planning, Managerial Finance, Customer Service, Team and Organizational Management, Communication, and Strategic Planning. Proficient at organizing training, development, and team cultures necessary to achieve organizational goals and to drive competitive growth.

EXPERIENCE

LS Ohio, LLC Akron, Ohio **May 2016 - Present**
Education Management Organization specializing in High School Drop-Out Recovery

- *Executive Director of School and Board Relations (Operations)*

White Hat Management Akron, Ohio **July 2014-May 2016**

For-profit Education Management Organization specializing in K-12 Distance Learning and High School Drop-Out Recovery

- *Executive Director of Operations*

DELA (WHDL Holdings, LLC) Akron, Ohio **June 2007-July 2014**
$15M+ For-profit Education Management Organization specializing in K-12 Distance Learning.

- *July 2012 – July 2014: Interim Vice President of DELA*
  Highlights:
  -Assessed and cut budget expenses for FY11 by implementing effective operational controls
  -Assessed and documented the DELA Educational and Operational models in preparation for new business development
  -Created positive relationships with key vendors in effort to reduce costs, increase efficiency and promote growth.
  Continue leading daily operations for DELA schools
- *February 2010 - July 2012: Operations Manager DELA*
  Highlights:
  -Designed and implemented an early school year rollover for the purpose of early engagement and student retention
  -Designed and implemented DELA operations timeline
  -DELA Liaison to Strategic Planning sessions
  -Coordinated all DELA marketing efforts
  -Rebuilt relationships with key School Boards and Community Partners
  -Served as the acting leader for DELA schools

- *January 2009 - February 2010: Director of Admissions & Customer Service DELA*

  Highlights:

  -Successfully implemented a CRM database for DELA marketing and enrollment data collection and management.
  -Rebuilt the DELA Admissions Department; designed and built the Standard Operating Procedures
  -Created pilot web-based enrollment system
  -Created and implemented student retention program which yielded an 80%+ retention rate for 2 years
- *January 2008 - January 2009: Executive Assistant DELA*

  Highlights:

  -Assisted the DELA Presidents and Vice Presidents with general operations.
  -Built relationships with community partners and provided education on the DELA model
  -Liaison for Operational Strategic Planning committee
  -Liaison for DELA School Operations
  -Liaison for WHDL Human Resources
- *June 2007 - January 2008: Special Services*

  Highlights:

  -Created and implemented new student on-boarding system and procedures for OHDELA special education students
  -Project Management
  -Acting liaison to OCCS for auditing purposes
  -Rebuilt relationships with Local School Districts to ensure smooth transition of special education students to the Distance Learning environment.

Borders Group International (BGI) - Cleveland Heights, Ohio

- *2000-2002 – Inventory Manager / Manager of Information Systems*

Highlights:

-Served on the grand opening committee
-Coordinated a system for the flow of inventory
-Coordinated daily inventory-related activities
-Managed the information systems, software and hardware; provided new user training
-Acting Information Systems liaison
-Provided cross-training opportunities to all employees

Marcus Cinemas

- 1998 – 2000: Associate Manager (2 locations)

Highlights:

-Served on grand opening committee
-Oversight of staff hiring and training for all areas.
-Provided daily scheduling and supervision.
-Created and implemented an Inventory Tracking System
-Supervised daily accounting / cash management and building maintenance

EDUCATION

Undergraduate
-BS Organizational Management
Kent State University 2002-2005
Malone University 2015-2017
Graduate
-MBA
Malone University (In progress)

PROFESSIONAL DEVELOPMENT

-Human Resource Law 2008 & 2009 Seminar
-Priority Management Training
-Marketing your Online Program iNACOL PD
-Management and Administration of your Online Program iNACOL PD
-Authorization for Online and Blended Learning iNACOL PD
-21st Century Learning and Beyond iNACOL PD
-Adobe Creative Suite Seminar
-Virtual School Symposium 2008, 2009, 2010, 2011 sponsor and attendee
-Dale Carnegie Leadership Training for Executives (Certificate)
-Leadership 365 (Certificate)
-Salesforce Power User Conference (Certificate)

Stacey Murphy

Independent Contractor & Consultant - education, training, implementation, PD, content developer, LMS administrator.

s.murphyconsulting@gmail.com

Summary

Education professional with over 15 years combined teaching and management experience in education. An experienced trainer, professional development coordinator, online curriculum developer, and learning management system administrator. My goals are to provide training, assist schools and businesses with implementation of new programs, and provide support when help is needed.

Experience

Independent Contractor & Consultant, Education and Training

July 2011 - Present

- Provide training on best practices, personalized learning, instructional technology, software programs and learning management systems
- Develop training materials and course content
- Participate in implementation planning
- Evaluate courses for alignment to state standards, specializing in mathematics
- Oversee SMEs as they evaluate and revise curriculum
- Evaluated and tested new program to improve product and better serve clients
- Designed Business Employability Skills course aligned to Ohio Career Based Intervention Standards
- Trained small business owners on how to use Google's G Suite to manage documentation, invoicing and bookkeeping.
- Created online professional learning community for staff members to collaborate and share lesson plans and project ideas in the LMS across over 30 schools

Executive Director of Curriculum, Instructional Technology & Training

August 2008 - June 2017 (8 years 11 months)

Various positions held over 9 years:

Executive Director of Curriculum, Instructional Technology & Training, January 2016 – June 2017

Director of Training & New Program Implementation, July 2012 – December 2015

Contractor, July 2011 – June 2012

Curriculum Director, August 2008 – July 2011

Training

- Led implementation of Blackboard and Agilix Buzz Learning Management Systems including training all staff on-site or online and designing course template
- Coordinated and provided training for over 75 home-based and 200 site-based staff for compliance, need, and skill-based training through a mix of on-site and online training
- Introduced policy and tracking model for professional development for 36 schools in 5 states, then managed and approved professional development accordingly
- Increased efficiency by developing Instructional Technology Mentor program in a train the trainer format
- Introduced and implemented new instructional technology training program
- Coordinated Mentoring Program and Local Professional Development Program for over 150 teachers

Curriculum

- Implemented and managed online and book-based curricula in one online school and 36 blended learning dropout recovery schools across 5 states impacting over 14,000 students
- Negotiated thousands in savings on most curriculum contracts
- Managed a budget including use of federal grants
- Improved curriculum options available including those for special education to cover 100% of needs
- Produced and prepared course of study in student information system for 100% state and federal compliance
- Ran pilots in 3 schools to create policies and procedures to launch to all 36 schools in 5 states
- Ecnsured curricula are aligned to national common core and state standards
- Provided curriculum information for to keep stakeholders informed

Management

- Managed team of contractors
- Supervised a 6-person curriculum team

Math Teacher and Department Chair at Villa Angela-St. Joseph High School
August 2002 - August 2008 (6 years 1 month)

- Taught 100+ students each year Algebra I through Precalculus
- Mentored new teachers for the state Praxis III evaluation
- Initiated and developed Staff Technology Assistance training program
- Trained teachers in use of all technology programs available to them
- Coordinated and taught summer school
- Co-chair of NCA Accreditation Team

Adjunct Professor and Tutor at Notre Dame College

January 2008 - May 2008 (5 months)

Also May 2006 - August 2006

Education

University of Phoenix
Masters, Curriculum & Instruction, 2010 - 2011
University of Phoenix
Masters, Adult Education and Distance Learning, 2003 - 2006
Notre Dame College
Bachelor of Arts, Education and Mathematics, 1998 - 2002

YVONNE E. ADKINS

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PROFESSIONAL SUMMARY

Results-oriented leader who knows that teamwork and strategic alliances are invaluable in driving change, improvement and effective organizational performance in governmental, non-profit and for-profit organizations. Skilled in building new business relationships and providing consistent and superior service to strengthen and maintain ongoing partnerships.

Areas of expertise include:

Organizational Leadership	Educational Choice Advocacy	Coaching/Staff Development
Governmental Relations	Multi-Site Business Development	Policies/Procedure Analyst
Non-profit Governance	Strategic Business Planning	Meeting & Event Facilitation

PROFESSIONAL EXPERIENCE

Owner and Chief Consultant **2010 – 2017**
Adkins & Company, LLC Prospect, KY

- Partner with authorizers, boards and operators on charter school application processes, start-up procedures and growth plans.
- Endorsed by St. Aloysius, an effective Ohio authorizer, to assist governing boards with governance, organization, policy development and compliance.
- Consult with boards and leadership on self-evaluations, process analysis and corrective action measures.
- Manage various state Charter School Program Grant Funding application processes.

Significant Achievements:

- Successfully implemented a board portal platform used to manage meetings, communications and documentation for multiple boards.
- Completed eight (8) new and renewal contracts simultaneously with 2 different authorizers and operators.

Executive Director of Governmental Relations & Strategic Partnerships **2014 – 2017**
I CAN Schools Cleveland, OH

- Develop and lead organizational strategic growth plan, authorizer relations, application processes, budget alignment and project development for all phases relating to operational expansion in three additional states.
- Responsible for establishing state advocacy, awareness and recognition of the brand, and partnerships recruitment.
- Reorganization and facilitation of board meetings and organizational processes.
- Develop and implementation of satellite staffing plan, employee relations and executive evaluation process.

Significant Achievements:

- Achieved the first Indianapolis Mayor's Office approval of multiple charter contracts for an out of state operator. The Mayor's Office publicly acknowledged that I had set the precedence for future applicants with record breaking local support and testimony presented at the State Board public hearing.
- Achieved approval of new contracts with Central Michigan University and St. Aloysius.
- Successfully grew support and advocacy for the I CAN SCHOOLS brand in Indianapolis IN, Detroit MI, and Jackson MS.

Vice President of Sponsorship Operations **2011 – 2014**
Charter School Specialists Pickerington, OH

- Management of sponsorship operational projects relating to oversight of 46 independent nonprofit charter schools across the state.
- Develop and oversee charter school application process and new school board / non-profit training programs.
- Develop self-evaluation process and implementation of operational processes for the organization.
- Develop guidelines and oversee annual compliance assessment processes for nonprofit school operations.

Significant Achievements:

- Developed a two tier process for charter school applicants. This included a comprehensive application process and rubric scoring which served as a capacity test for new start-up schools. I brought in ten new applicants in the first year of implementation.
- Redesigned a three phase annual compliance assessment process which was used by all internal auditors to review and assess compliance across 46 sites across the state
- Developed Standard Operating Procedures for the company including processes for communications, complaints, applications, proposals, contracts, corrective action plans, background checks and required board member documentation.
- Responsible for oversight of all Auditor of State audits and corrective action plans as necessary for 46 schools across the state.

Co-Founder/Chief Consultant **2010 – 2012**
Achieve Board Certification North Canton, OH

- Creation of on-line professional development program for non-profit charter school boards and school leaders. Development of the program included research, writing all content, PowerPoint creation, scripting, and recording voice over of the course content.
- Design, develop and implement the program website, all video presentations, webinars as well as promotional material and marketing of the program.

Significant Achievements:

- Established partnership with Ashland University for approval of content and certification of the course. This partnership resulted in Achieve Board Certification's program being the only certified charter school board development and training program in Ohio.
- Conducted and awarded annual training and certification for 20 boards across Ohio.

Vice President Governance & Compliance / Director of Board Relations **2001 – 2010**
White Hat Management Akron, OH

- Recruited, secured, oriented and trained hundreds of new board members. Strengthened relationships with board members, community members, authorizers and state representation.
- Developed policies and protocols for ensuring compliance for multiple educational program models in multiple states.
- Conducted staff development and required policies and procedures to ensure appropriate oversight and supervision of compliance requirements; this included many contract renewals, corrective action plans and negotiation of revised provisions and terms.

Significant Achievements:

- Successfully managed growth from 12 governing boards in Ohio to 53 governing boards across 6 states. This included recruiting and developing board members, building a team and managing staff of board liaisons and compliance officers, development of protocols and policies, budgets, and establishing internal and external communication processes to ensure all parties, including department leads, board members and authorizer representatives, received necessary and continued communication.
- Lead for strategic planning (Balanced Scorecard) initiative beginning at the corporate level, including initial development of measures and benchmarking for balanced scorecard roll-out. Developed ongoing process improvements that made it possible to accommodate increasing levels of responsibilities necessitated by continued growth.
- Successfully advocated for dropout recovery program across 6 states. Established relationships and worked with strategic partners including the governing boards and various authorizers to maintain contract compliance in multiple states over the years.

Corporate Paralegal **1998 – 2001**
Amer Cunningham Co. LPA Akron, OH

- Responsible for monitoring of all critical dates for the firm corporate and real estate attorneys.
- Prepared annual reports, maintained good standings and regularly updated minute books and corporate structures for twenty attorneys and their corporate clients.
- Drafted leases, purchase agreements, operating agreements, articles, bylaws, stock certificates and various other documents.
- Maintained client relationships and liaison services with all title companies, developers, and leaseholders to monitor escrow payments, lease renewals and track phases of development for the various development projects, clients, and files.

Significant Achievements:

- Years working with the firm's senior partner and his corporate and real estate development practice resulted in my responsibility for all of the firm's corporate paralegal duties, and recommendation for future job opportunity.

EDUCATION, CERTIFICATIONS & ASSOCIATIONS

Dale Carnegie Successful Public Speaking Certification (2018)
Palladium Kaplan-Norton Balanced Scorecard Strategic Planning Certified Graduate (2010)
Ohio Auditor of State Fiscal Training (2010)
National Charter Schools Institute – Board Governance & Leadership Certificate Program (2005)
BoardSource – Non-Profit Consultant Certification (2002)

The University of Akron, Akron, OH / American InterContinental University, IL – Bachelor of Business Administration
3.94 GPA - Graduated Summa Cum Laude

Louisville Grows – Board Chair – 2 years
Kentucky & Southern Indiana Stroke Association (KSISA) – Board President - 5 years
Buckeye Charter School Boards, Inc. – Evaluation Development Project Advisory Committee Member
Kentucky Nonprofit Network – Nonprofit Advocacy Council Member
BoardSource Member – since 2001

FEHS - Algebra 1 Scope and Sequence

Topics and Outcomes		Indiana Academic Standards
Unit 1	**Foundations of Algebra**	
	Topics: • Rational and Irrational Numbers • Algebraic Properties • Solving Linear Equations **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Define rational and irrational numbers and explore their properties. • Identify types of numbers resulting from operations on rational and irrational numbers. • Interpret the different parts of mathematical expressions. • Simplify expressions using the order of operations and properties of operations. • Convert mathematical language into variables and expressions. • Translate everyday language into mathematical expressions. • Define appropriate variables to model situations. • Isolate variables to solve an equation. • Solve equations involving addition, subtraction, multiplication, and division. • Explain each step in solving an equation. • Write and solve an equation representing a real-world situation.	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.RNE.1 AI.RNE.2 AI.RNE.4 AI.L.1 AI.L.2
Unit 2	**Solving Equations and Inequalities**	
	Topics: • Solving Multistep Equations • Solving Linear Inequalities • Literal Equations • Measurement and Units • Performance Task: Problem Solving with Inequalities **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Isolate the variables in an equation by identifying the operations involved. • Collect like terms to simplify the equation. • Remember the order of operations for solving an equation in one variable. • Identify equations that have no solution or an infinite number of solutions. • Turn real-life problems into mathematical sentences and equations in one variable, and then solve the problem. • Solve a multistep inequality by isolating the variable. • Solve an inequality that involves collecting like terms. • Create inequalities in one variable and use them to solve real-world problems. • Rewrite linear equations in two variables to solve for x or y. • Solve linear equations in one variable that have coefficients represented by letters.	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.L.1 AI.L.2 AI.L.3 AI.L.8 AI.L.9 AI.L.11 AI.L.1

	• Rearrange formulas to solve for a quantity of interest in a real-world problem. • Understand the difference between precision and accuracy. • Choose a level of precision appropriate to the limitations of a measurement tool. • Identify the appropriate unit for a measurement. • Solve problems involving the conversion of one unit to another. • Solve problems involving multistep unit conversion. • Explore a series of problems involving solving and simplifying mathematical expressions using multiplication and division. • Employ various problem-solving strategies to arrive at solutions to these problems.	
Unit 3	**Functions**	
	Topics: • Domain and Range • Identifying Functions • Graphs of Functions • Adding and Subtracting Functions **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Given a verbal description, write a relation in function notation. • Evaluate functions for inputs in their domains and interpret the results. • Determine whether a given mapping diagram represents a function. • Define the domain and range of a given function and understand their relationship. • Given a mapping diagram, identify the domain and range of the function. • Identify a function's domain and range values in an input-output table. • Determine whether a relation is a function given a table of values. • Use the vertical line test to determine whether a graph is a function. • Graphically define the domain and range of a function. • Identify intervals in which a function is increasing, decreasing, or constant. • Relate points on a graph to input/output values by evaluating a function for inputs in its domain. • Relate the domain of a function to its graph and the relationship it describes. • Add two or more functions to form a new function. • Subtract two or more functions to form a new function. • Apply the arithmetic of functions to solve problems.	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.F.1 AI.F.2 AI.F.3 AI.F.4 AI.L.4
Unit 4	**Linear Equations**	
	Topics: • Slope • Slope-Intercept Equation of a Line • Point-Slope Equation of a Line • Parallel and Perpendicular Lines • Linear Inequalities **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Identify slope as a measure of the change in the y-variable with respect to the x-variable.	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.F.2 AI.L.2

	• Apply the slope formula to ordered pairs on a line. • Calculate and interpret the rate of change of a function from a graph. • Recognize relationships in which one quantity changes at a constant rate relative to another. • Write and graph equations in the form y = mx + b. • Understand that the graph of a linear equation in the form y = mx + b shows the set of all of its solutions plotted in the coordinate plane. • Using function notation, evaluate a linear function for inputs in its domain. • Graph an equation representing a real-world linear relationship, and identify the meaning of the slope and y-intercept. • Compare the slopes and y-intercepts of linear functions represented in different ways. • Find the equation for a line given its slope and any point on the line. • Find the point-slope equation given two points on the line. • Convert an equation from point-slope form to slope-intercept form. • Solve a real-world problem by graphing and writing an equation that describes the relationship. • Use the point-slope formula to find the equation of a line parallel to a given line that passes through a given point. • Use the point-slope formula to find the equation of a line perpendicular to a given line that passes through a given point. • Solve a real-world problem by writing and graphing equations of parallel and perpendicular lines. • Identify points in the solution set of a linear inequality. • Determine whether the boundary line for a given inequality is graphed with a solid or dashed line. • Identify the half plane that represents the solution to a given inequality. • Graph the solution to a linear inequality in two variables as a half plane. •	AI.L.4 AI.L.5 AI.L.6 AI.L.7
Unit 5	**Systems of Linear Equations**	
	Topics: • Two-Variable Systems: Graphing • Two-Variable Systems: Substitution • Two-Variable Systems: Elimination • Two-Variable Systems: Inequalities **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Discover what it means when two lines have zero, one, or infinitely many points in common. • Solve systems of equations using graphs. • Understand that the solution of a system of equations is the point where their graphs intersect. • Solve real-world problems by writing and graphing systems of linear equations. • Use tables to identify or approximate solutions to systems of equations. • Determine when to use substitution instead of graphing to solve a system of equations. • Solve systems of linear equations by substitution. • Check the solution to a system of equations by using substitution. • Write equations to represent a real-world relationship, and solve the	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.L.11 AI.SEI.1 AI.SEI.2 AI.SEI.3 AI.SEI.4

	system of equations to answer a question. • Identify when to use elimination instead of graphing or substitution to solve systems of equations. • Learn how to add or subtract the same value on both sides of an equation to eliminate terms. • Manipulate equations in standard form using multiplication to create equal or opposite coefficients. • Solve systems of equations using the elimination method. • Prove that performing operations such as multiplication and addition on a system of equations produces a system with the same solution. • Solve a system of equations with infinite solutions algebraically and graphically. • Graph half planes to find common solutions to systems of inequalities. • Identify graphs of half planes in which there are no common solutions. • Create a system of inequalities to represent real-world constraints, and use this system to solve a problem.	
Unit 6	**Exponents and Exponential Functions**	
	Topics: • Exponents • Exponential Functions • Graphs of Exponential Functions **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Apply the laws of exponents to simplify an expression. • Use properties of exponents to rewrite expressions containing radicals and rational exponents. • Rewrite a radical as an expression with rational exponents. • Define exponential growth and decay. • Use the general formula for an exponential function to write a specific function given a description of a relationship. • Evaluate exponential functions for a given input. • Interpret the parameters of an exponential function in the context of a real-world problem. • For graphs of functions f(x) = bx, find the y-intercept and the point (1, b), and then determine whether the graph is increasing or decreasing. • Determine whether an exponential function is an increasing or decreasing function when given its base. • Find the domain, range, and y-intercept of exponential functions. • Identify the exponential function that represents a given graph. • Interpret the parameters of a real-world function, given its graph.	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.RNE.3 AI.RNE.4 AI.RNE.5 AI.F.2 AI.QE.2 AI.QE.3
Unit 7	**Sequences and Functions**	
	Topics: • Arithmetic Sequences • Geometric Sequences • Understanding Number Sequences • Exponential and Linear Growth **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Define and identify an arithmetic sequence. • Write the explicit and recursive formulas for an arithmetic sequence. • Use the explicit and recursive formulas to solve problems about	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.F.2 AI.L.4

	arithmetic sequences. • Find a specific term in an arithmetic sequence. • Find the common difference between terms of an arithmetic sequence. • Translate between the explicit and recursive formulas for an arithmetic sequence. • Define and identify a geometric sequence. • Write the explicit and recursive formulas for a geometric sequence. • Use the explicit and recursive formulas to solve problems about geometric sequences. • Find a specific term in a geometric sequence. • Find the common ratio between terms of a geometric sequence. • Translate between the explicit and recursive formulas for a geometric sequence. • Identify the formula for finding the nth term of an arithmetic sequence. • Solve real-world problems using arithmetic sequences. • Identify the formula for finding the nth term of a geometric sequence. • Solve real-world problems using geometric sequences. • Solve problems using pyramidal numbers and Fibonacci numbers. • Determine if a table of data represents a linear or exponential function. • Identify the common difference of a linear function. • Identify the common ratio for an exponential function. • Understand that exponential growth eventually overtakes linear growth. • Distinguish between exponential growth and decay. • Identify linear and exponential functions from graphs, tables, and verbal descriptions.	AI.L.5 AI.QE.1 AI.QE.2 AI.QE.3
Unit 8	**Semester 1 Exam**	
Unit 9	**Polynomials**	
	Topics: • What is a Polynomial? • Adding and Subtracting Polynomials • Multiplying Binomials • Multiplying Polynomials **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Determine what makes up a polynomial. • Identify terms and constants, as well as coefficients and degrees. • Distinguish between polynomials and non-polynomials. • Classify monomials, binomials, and trinomials. Indicate the degree of a polynomial. • Rewrite polynomials in descending order. • Understand that a polynomial is the sum or difference of monomials. • Understand that polynomials are closed under the operations of addition, subtraction, and multiplication. • Find the product of two binomials using the distributive property. • Multiply two binomials using the FOIL method. • Identify special cases of binomial multiplication and problem-solving shortcuts. • Represent the multiplication of linear polynomials using tiles. • Compute the product of two polynomials in a table. • Combine like terms to find solutions. • Multiply polynomials vertically and horizontally.	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.RNE.7

	• Identify similarities between multiplying polynomials and multiplying numbers. • Use the distributive property to rewrite polynomial products. • Use mathematical models to make sense of and solve real-world problems involving polynomials	
Unit 10	**Factoring Polynomials**	
	Topics: • Factoring by Grouping • Factoring Trinomials x^2+bx+c • Factoring Trinomials ax^2+bx+c • Special Cases • Factoring and Graphing **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Identify the similarities between factoring numbers and factoring polynomials. • Identify the greatest common factor (GCF) in a polynomial. • Use the grouping method to factor one or more GCFs out of a polynomial. • Identify a quadratic trinomial and its leading coefficient. • Discover how to factor a trinomial by factoring its constant. • Determine the signs for the factors by the sign of the x-term. • Look for a common factor in each term of the trinomial. • Use tiles to factor a trinomial without a common factor. • Find the factors for a trinomial by factoring its leading coefficient and constant. • Recognize a difference of two squares and how it is factored. • View a geometric representation of a difference of two squares. • Factor a perfect square trinomial. • Identify the zeros of a function from a graph. • Identify the factors of a polynomial expression from a graph. • Factor a polynomial expression to reveal the zeros of the related function. • Find and interpret the zeros of a polynomial function in terms of a context.	PS.1 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.RNE.6 AI.F.2 AI.QE.3 AI.QE.7
Unit 11	**Quadratic Equations and Functions**	
	Topics: • Solving Quadratic Equations • Completing the Square • The Quadratic Formula • Graphs of Quadratic Functions • Nonlinear Systems of Equations • Linear, Quadratic, and Exponential and Functions • Performance Task: Pricing for Profit **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Distinguish quadratic equations from nonquadratic equations. • Solve quadratic equations by taking the square root. • Apply the zero product rule to factored equations.	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.RNE.6 AI.F.2 AI.L.4 AI.L.5 AI.L.6

	• Solve quadratic equations by factoring. • Rewrite quadratic equations into standard form, and then factor and solve. • Factor quadratic equations to solve real-world problems. • Use the method of completing the square to write any quadratic equation in the form $(x – p)2 = q$. • Solve quadratic equations by completing the square. • Complete the square to find the maximum or minimum of a quadratic function. • Use the process of factoring and completing the square in a quadratic function to show zeros, extreme values, and symmetry of the graph, and interpret these in terms of a context. • Understand how and when to apply the quadratic formula. • Apply the quadratic formula to find the factors and roots of quadratic equations. • Calculate the discriminant of a quadratic equation and use it to determine the number of real roots. • Derive the quadratic formula. • Find the vertex and intercepts of the graph of a quadratic function from an equation. • Use the quadratic formula to find the vertex of a given function. • Identify the vertex of a graph from vertex form. • Sketch the graph of a quadratic equation. • Write a quadratic equation from its graph. • Compare properties of two quadratic functions, one represented algebraically, and one represented graphically. • Define a nonlinear system of equations. • Solve a nonlinear system of equations using a graph. • List the steps for solving systems of nonlinear equations using the substitution method. • Solve systems of nonlinear equations algebraically. • Identify key features of linear, quadratic, and exponential functions. • Recognize when a function or situation has a constant rate of change. • Calculate the average rate of change of a function (represented with a table) over a specified interval. • Use a graph to find the average rate of change of a function over a specified interval. • Based on the pattern shown in a table, predict the average rate of change of a function for any unit interval of the function. • Use your knowledge, skills, and resources to make sense of problems. • Persevere in solving problems. • Use precise mathematical vocabulary to communicate your thinking and solutions.	AI.QE.2 AI.QE.3 AI.QE.4 AI.QE.5 AI.QE.6
Unit 12	**Undoing Functions and Moving Them Around**	
	Topics: • Inverses • Parent Functions • Shifting Functions • Stretching and Compressing Functions • Transformations of Parent Functions	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6

	Unit Outcomes: Upon successful completion of this unit, students will be able to: • Given an ordered pair of the function f(x), determine the ordered pair of the inverse of f(x). • Given f(x), write the equation for the inverse of f(x). • Compare the domain and range of a function and its inverse. • Given a function with variables other than x and y, write the equation for the inverse. • Define parent function. • List the key properties of and identify the graph of the linear parent function. • List the key properties of and identify the graph of the quadratic parent function. • List the key properties of and identify the graph of the absolute value parent function. • List the key properties of and identify the graph of an exponential parent function. • Given a list of functions, identify the parent function for each. • Define a piecewise function and identify its graph. • Describe how the equation of a graph changes when it is shifted horizontally, vertically, or both. • Given a function and its graph, write the equation of a function for a graph that has been shifted from the original graph. • Given the equation of a function and a vertical and/or horizontal shift, write the equation of the new function. • Given the graph or equation of f(x) and a vertical stretch or compression, write the equation of the new function g(x). • Describe how the graph of a function changes when the function or input value is multiplied by a positive or negative number. • Given the graph or equation of f(x) and a horizontal stretch or compression, write the equation of the new function g(x). • Given the graph or equation of f(x) and a combination of transformations, write the equation of the new function g(x). • Given the graph or equation of a parent function, find the equation of the function after it has been horizontally or vertically shifted. • Given the graph or equation of a parent function, find the equation of the function after it has been vertically stretched or compressed. • Given the graph or equation of a parent function, find the equation of the function after it has been horizontally stretched or compressed. • Given the graph or equation of a parent function, find the equation of the function after it has been reflected over the x- or y-axis. • Given the graph or equation of a parent function, find the equation of the function after it has undergone a combination of shifts, stretches, or compressions.	PS.7 PS.8 AI.F.1 AI.F.3 AI.F.4 AI.L.4 AI.L.10 AI.QE.2 AI.QE.3
Unit 13	**Descriptive Statistics**	
	Topics: • Measures of Center and Spread • Dot Plots, Box Plots, and Histograms • Describing Distributions • Two-Way Frequency Tables	PS.1 PS.2 PS.3 PS.4 PS.5

	Unit Outcomes: Upon successful completion of this unit, students will be able to: • Calculate the mean and median of sample data. • Understand how unusual and extreme data points can influence measures of center. • Calculate the range and standard deviation of sample data. • Distinguish between random and non-random sampling methods. • Recognize bias in a sample and learn how to reduce bias. • Understand how unusual and extreme data points can influence measures of spread. • Determine which measures of center and spread are most appropriate for a data set. • Learn how to display data sets using frequency tables, dot plots, histograms, and box plots. • Find the five-number summary for given data sets. • Find the IQR (interquartile range) for given data sets. • Learn how to display and interpret numerical data collected from two different populations using comparative dot plots, box plots, and histograms. • Identify distribution shapes, including data that have skewed or symmetrical distributions. • Understand how the shape of a distribution is related to the mean and the median. • Determine how outliers affect the shape of a distribution. • For a particular data set, determine whether the median and interquartile range are better measures of center and spread, respectively, than the mean and standard deviation. • Given the shapes of two distributions, choose the appropriate statistics to compare the centers and spreads of the two data sets. • Interpret the differences in data distributions using measures of center, shape, and spread. • Summarize categorical data in two-way frequency tables. • Interpret relative frequencies in the context of the data. • Interpret marginal relative and conditional relative frequencies in the context of the data. • Recognize possible trends and associations in the data.	PS.6 PS.7 PS.8 AI.DS.1 AI.DS.5 AI.DS.6
Unit 14	**Data and Mathematical Modeling**	
	Topics: • Two-Variable Data and Scatterplots • Fitting Linear Models to Data • Nonlinear Models **Unit Outcomes:** Upon successful completion of this unit, students will be able to: • Create a scatterplot for a given set of data. • Distinguish between positive, negative, and no correlation. • Calculate the correlation coefficient using appropriate technology. • Interpret a correlation coefficient (r-value) in context. • Distinguish between correlation and causation. • Find the equation for the line of best fit using two points on the line. • Calculate the line of best fit using appropriate technology.	PS.1 PS.2 PS.3 PS.4 PS.5 PS.6 PS.7 PS.8 AI.DS.2 AI.DS.3 AI.DS.4 AI.DS.6

	• Interpret the slope and y-intercept of a linear model in context. • Use the line of best fit to make predictions and solve problems. • Calculate the residual when given the equation for the line of best fit and a given point. • Informally assess the fit of a function by plotting and analyzing residuals. • Identify the appropriate regression model to best represent given data from a real-world application. • Use exponential and quadratic regression techniques to model a function and make predictions.	
Unit 15	**Semester 2 Exam**	

Apex Learning®

Curriculum Map

	Middle School / Bridge to High School	9TH	10TH	11TH	12TH
MATH					
AP[4]					AP Calculus AP Statistics
Honors	Algebra I	Geometry	Algebra II	Precalculus	
	Introductory Algebra	Algebra I	Geometry	Algebra II	Precalculus
Core		Algebra I-A (Florida / California)	Algebra I-B (Florida / California)	Geometry	Algebra II
		Integrated Math I / Georgia Mathematics I	Integrated Math II / Georgia Mathematics II		Precalculus Sem 1 (Trigonometry) & Probability and Statistics[5]
Literacy Advantage		Algebra I[3]	Geometry[3]	Algebra II[3]	
Foundations	Math Foundations II Math Foundations I				
Electives (Core)				Mathematics of Personal Finance	Probability and Statistics[1]
		Liberal Arts Math	Liberal Arts Math	Liberal Arts Math	Liberal Arts Math
		Financial Literacy[1]	Financial Literacy[1]	Financial Literacy[1]	Financial Literacy[1]
SCIENCE[4]					
AP				AP Psychology[1]	AP Physics B AP Chemistry / AP Chemistry (DL)
Honors	Earth Science	Physical Science	Biology	Chemistry	Physics
Core	Earth Science	Physical Science	Biology	Chemistry	Physics
Literacy Advantage		Physical Science[3]	Biology[3]	Chemistry[3]	
Foundations	Science Foundations				
Electives (Core)		Psychology[1]	Psychology[1]	Psychology[1]	Psychology[1]
ENGLISH					
AP				AP English Language and Composition	AP English Literature and Composition
Honors		English I: Introduction to Literature and Composition	English II: Critical Reading and Effective Writing	English III: American Literature	English IV: British and World Literature
Core		English I: Introduction to Literature and Composition[3]	English II: Critical Reading and Effective Writing[3]	English III: American Literature[3]	English IV: British and World Literature[3]
Literacy Advantage		English I: Introduction to Literature and Composition	English II: Critical Reading and Effective Writing	English III: American Literature	
Foundations	English Foundations II English Foundations I				
Electives (Core)		Reading Skills and Strategies[1]	Reading Skills and Strategies[1]	Reading Skills and Strategies[1]	Reading Skills and Strategies[1]
		Writing Skills and Strategies[1]	Writing Skills and Strategies[1]	Writing Skills and Strategies[1]	Writing Skills and Strategies[1]
				Creative Writing[1]	Creative Writing[1]
				Media Literacy[1]	Media Literacy[1]
SOCIAL STUDIES					
AP					AP Macroeconomics[1]
					AP Microeconomics[1]
				AP U.S. History	AP U.S. Government and Politics[1]
Honors	U.S. History to the Civil War[1]	U.S. Government and Politics[1]	World History	U.S. History since the Civil War	U.S. Government and Politics[1]
	World History to the Renaissance	Geography and World Cultures[1]	World History since the Renaissance	U.S. History	U.S. and Global Economics[1]
				U.S. History to the Civil War[1]	
Core	U.S. History to the Civil War[1,2]	U.S. Government and Politics[1]	World History[2]	U.S. History since the Civil War[2]	U.S. Government and Politics[1,3]
	World History to the Renaissance	Geography and World Cultures[1]	World History since the Renaissance	U.S. History[2]	U.S. and Global Economics[1,3]
				U.S. History to the Civil War	
Literacy Advantage	U.S. History to the Civil War[1]	U.S. Government and Politics[1]		U.S. History since the Civil War	U.S. Government and Politics[1]
				U.S. History	
				U.S. History to the Civil War	
Electives (Core)		Sociology[1]	Sociology[1]	Sociology[1]	Sociology[1]
		Multicultural Studies[1]	Multicultural Studies[1]	Multicultural Studies[1]	Multicultural Studies[1]
WORLD LANGUAGES[4]					
AP					AP Spanish Language
Honors		Spanish I	Spanish II		
		French I	French II		
Core		Spanish I	Spanish II	Spanish III	
		French I	French II		
LIFE SKILLS					
Electives (Core)		College and Career Prep 1[1,3]		College and Career Prep 2[1,3]	
FINE ARTS					
Electives (Core)		Art Appreciation[1]	Art Appreciation[1]	Art Appreciation[1]	Art Appreciation[1]
		Music Appreciation	Music Appreciation	Music Appreciation	Music Appreciation
PE / HEALTH					
Electives (Core)		Physical Education[1]	Physical Education[1]	Physical Education[1]	Physical Education[1]
		Skills for Health[1]	Skills for Health[1]	Skills for Health[1]	Skills for Health[1]
	Middle School / Bridge to High School	9TH	10TH	11TH	12TH

[1] One semester course. All other Apex Learning courses are two semesters.
[2] Must be taken at specified grade level
[3] Available in the Prescriptive pathway in December 2012 with enhanced feature set for credit recovery
[4] Science and World Language sequences could begin in different grades
[5] Precalculus Semester 1 (Trigonometry) could be combined with Probability and Statistics for a two semester course
[6] AP and Advanced Placement are registered trademarks of the College Board

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Indiana Tutorials
with Adaptive Remediation

Designed specifically for the Indiana Academic Standards to prepare students for the Indiana Statewide Testing for Educational Progress-Plus (ISTEP+) End-of-Course Assessments (ECAs)

Raise exam scores, promotion rates, course pass rates, and post-secondary readiness for students in Grades 6–12 through an easy to implement, standards-aligned solution that's proven to get results. Adaptive, state-specific Tutorials help Indiana educators increase achievement by quickly identifying each student's learning needs and delivering personalized instruction, practice, and review.

Adaptive remediation down to elementary-level content

Designed for tablets, Chromebooks™, laptops, desktops, and any device with an Internet connection.

Raise Outcomes for All Students — From Struggling to Advanced

Close the gaps. Adaptive remediation down to elementary-level content and real-time support for struggling students allow *all* students to reach grade-level mastery, no matter where they start.

Raise exam scores. Personalized learning plans target the skills and concepts where students need the most attention, while reporting by standard gives teachers and administrators constant insight into test readiness.

Graduate all students college- and career-ready. College and career readiness Tutorials prepare students for college entrance and high school equivalency exams by giving students the focused support they need to excel.

> **"We are really enjoying using Apex Learning Tutorials at Mount Vernon Senior High School. With Tutorials our teachers can offer targeted remediation personalized for each student. We are also using these school-wide to provide targeted interventions for specific students."**
>
> **Keshia Seitz**
> Technology Integration Specialist
> Metropolitan SD of Mount Vernon

Powerful, Ready-to-Go Solutions

Tutorials help districts amplify the achievement of every student through flexible, easy-to-implement programs.

- Test Readiness
- Intervention
- Unit Recovery
- Blended Learning

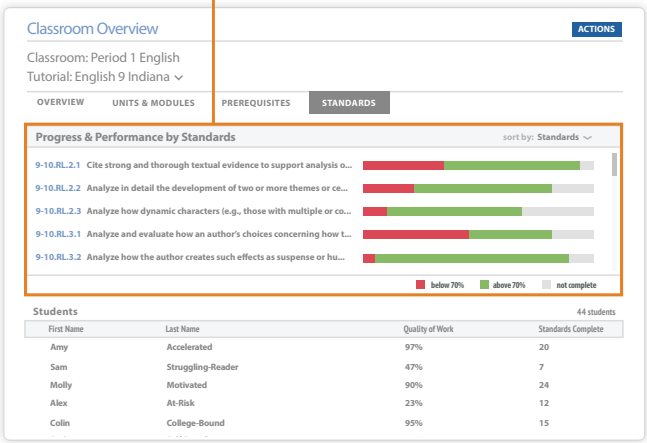
Reporting by Standard

Integrated dashboards and automated reports provide progress and performance data by standard, giving teachers and administrators the real-time insight they need to continuously support student success throughout the year.

"The reporting functionality of Apex is awesome. I really appreciate it after using some other systems that just don't cut it."

Heather Pelletier
Matanuska-Susitna Borough School District

View student progress and performance data by standard.



Proven Results

The most effective way to raise outcomes is to support at-risk students before they fall behind, and to challenge students who are at or above grade-level. Districts across the nation have used Adaptive Tutorials to increase achievement for students at all levels, from those ready to accelerate to those needing remediation.

Struggling Students Gain
13 PERCENTILE POINTS
on the PARCC English Exam to perform on par with grade-level students.
St. Mary's County, MD

Student Scores on District Exams in Dallas, TX
9% percentile point increase in math scores compared to those not using Apex Learning
22% percentile point increase in English scores compared to those not using Apex Learning

Darlington, SC
100%
EOC Exam Pass Rate
Earned by Eighth Grade Students on the Algebra I EOC Exam

Adaptive Tutorials Catalog

English
- Language Arts 6
- Language Arts 7
- Language Arts 8
- English 9
- English 10
- English 11
- English 12

College Readiness
- ACT®
- SAT®
- ACCUPLACER® N
- TSI Assessment

Math
- Mathematics 6
- Mathematics 7
- Mathematics 8
- Algebra I
- Geometry
- Algebra II

High School Equivalency
- GED®
- HiSET®
- TASC Test

Science
- Science 6 ⊕
- Science 7 ⊕
- Science 8 ⊕
- MS Physical Science
- MS Life Science N
- MS Earth and Space Science N
- Biology

Social Studies
- MS Contemporary World ⊕
- MS World History N
- MS U.S. History
- MS Civics N
- U.S. History

N New for 2018-19 school year
⊕ Coming soon

Contact

Apex Learning

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Apex Learning

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Indiana Graduation Requirements

The policies for promoting students are as follows. The criteria is listed in the Student/Parent Handbook that all families receive and is further communicated during parent teacher conferences and meetings.

- 9th Grade students will be promoted to the 10th grade when the student receives a proficient on the 10th grade assessment (should the student not achieve proficiency; the School will provide opportunity for the student to follow the pathway as provided by the State to choose a path of proficiency). Student will earn 10 core credits.
- 10th Grade students will be promoted to the 11th grade when the student achieves passage on the ISTEP+10. Or another pathway as determined by the state pathway. Student will earn 10 credits.
- 11th grade students will be promoted to 12th grade when student earns 10 credits. Student will continue on traditional pathway if student reaches proficiency on ISTEP+10; if no proficiency awarded, student will choose a graduation pathway.
- 12th grade students will graduate from high school with 40 credits (dual career credits), an industry credential, and passage of the ISTEP 10+. If student did not pass ISTEP 10+ check eligibility for waiver.

Indiana State Assessments

Beginning in 2016-2017, the ISTEP+ Grade 10 English/Language Arts and Mathematics tests replace the End of Course Assessments in Algebra I and English 10 as the graduation requirement for the class of 2019 and 2020. Every Indiana student in the graduating class of 2019 and beyond must demonstrate mastery of the Indiana Academic Standards measured by the ISTEP+ Grade 10 English/Language Arts and Mathematics assessments. The ISTEP+ Grade 10 Math Assessment is based on standards adopted in 2014; the Grade 10 English Assessment is based on standards adopted in 2014.
Reading, writing and math are essential life skills, and students must demonstrate a basic understanding of English/language arts and mathematics as part of the requirements for graduation.
The assessment requirement for graduation can be met in three (3) ways:

1. Pass the English 10 and Algebra I End of Course Assessments (graduating class of 2018) OR the Grade 10 ISTEP+ in English/Language Arts and Mathematics (graduating classes of 2019 and 2020).
2. Fulfill the requirements of the Evidence-based waiver.
3. Fulfill the requirements of the Work-readiness waiver.

For those students choosing waivers

IC 20-32-4-4.1 requires a student to attempt to achieve at least three (3) separate postsecondary readiness competencies in order to qualify for a waiver from the postsecondary readiness competency graduation requirement under pathways. Therefore, a student who does not attempt at

least three (3) competencies will be ineligible to graduate with a waiver provided for under IC 20-32-4-4.1. Students who transferred during their senior year from a non-accredited nonpublic school or an out of state school to a public school in Indiana need only attempt one postsecondary readiness competency to qualify for a waiver from the postsecondary readiness competency graduation requirement.

Graduation Requirements	Graduation Pathway Options
1) High School Diploma	Meet the statutorily defined diploma credit and curricular requirements.
2) Learn and Demonstrate Employability Skills[1] (Students must complete *at least one* of the following.)	Learn employability skills standards through locally developed programs. Employability skills are demonstrated by one the following: • **Project-Based Learning Experience**; OR • **Service-Based Learning Experience**; OR • **Work-Based Learning Experience.**[2]
3) Postsecondary-Ready Competencies[3] (Students must complete *at least one* of the following.)	• **Honors Diploma**: Fulfill all requirements of either the Academic or Technical Honors diploma; OR • **ACT**: College-ready benchmarks; OR • **SAT**: College-ready benchmarks; OR • **ASVAB**: Earn at least a minimum AFQT score to qualify for placement into one of the branches of the US military; OR • **State- and Industry-recognized Credential or Certification;** OR • **State-, Federal-, or Industry-recognized Apprenticeship**; OR • **Career-Technical Education Concentrator:** Must earn a C average or higher in at least 6 high school credits in a career sequence; OR • **AP/IB/Dual Credit/Cambridge International courses or CLEP Exams:** Must earn a C average or higher in at least three courses; OR • **Locally created pathway** that meets the framework from and earns the approval of the State Board of Education.

Attachment 3_Individual Career Plan

The Individual Career Plan is a document to help you plan for your future and help the school support you in your preparations. You will be revising the ICP as you progress through your academic program and make changes to your courses and/or future goals.

Name _____ **Date** _____

ICP Status: Initial / Revision **All High Schools Attended:** _____

_____

Are you currently living on your own? YES / NO **First School Year in 9th Grade:** _____

Original Graduation Class: _____

Contact Information (address, phone numbers, email):
Other Information (what else would be helpful for us to know to help you succeed in school and your career plan?):

Discovery Lab Requirements

Enter 'Y' to the left of each item as you complete these key items

____ NWEA MAP Math	____ Own it!	____ Career Track Chosen
____ NWEA MAP Reading	____ Career Exploration Tools	____ Career Goals Written
____ Transcript Review	____ Career Discovery Course	____ Graduation Path & Timeline

Supports (Who will support me in school and meeting the goals of my plan?)

Name	**Relationship**

Additional Supports *(Enter 'Y' for all that apply.)*

Additional Support	**Y/N**	**Date of Most Recent Version**
504 Education Plan		
Individualized Education Plan (IEP)		
Response to Intervention Plan (RtI)		
English Language Plan (ELP)		
Other:		
Other:		

Respond to the statements below. Since your career plans may change, revisit and update this plan at least once each

school year.

After high school, I plan to: _____

(sample answers: Work full time, work part time and attend school, attend a two- or four-year postsecondary institution full time, attend a technical school full time, enter the military as a career)

What are your career interests and results of your career inventories?

List your current and previous work and volunteer experience:

Start Date	End Date	Description	Skills Demonstrated

Rank your interest in the 3 career tracks by placing a 1, 2, and 3 to the left of each track.

_____ Health and Public Service

_____ Automation, Manufacturing + Engineering

_____ Business, Art + Communication

Write a primary and a secondary career SMART goal.
What interests, skills and knowledge do you already possess that support your career goals?
What programs, experiences, and activities could you become involved in to support your career goals?

What degree, certification, licensure or specialized training will you need for your chosen career?
What activities and skill training will you need to learn to reach your career goal(s)?
What support do you need to be successful in your career goals?
What other career goals(s) and educational plans have you considered?
Have your career goal(s) changed since last year?

Action Plan – Define specific steps needed to make progress on your career goals: **Due Date:**

Graduation Path and Timeline – Choose 2 pathways to graduate and set a goal date for graduation:

1. Pass all state tests and complete all credits
2.

Graduation Timeline:

Diploma Course Requirements, Original Class of _____

Courses with a * indicate they are related to the student's chosen career

English Credits, required 8

# of credits transferred: _____

to be completed: _____

Course Name	Date Started	Date Completed

Science Credits, required 6

# of credits transferred: _____

to be completed: _____

Course Name	Date Started	Date Completed

Math Credits, required 6

# of credits transferred: _____

to be completed: _____

Course Name	Date Started	Date Completed

PE & Health Credits, required 3 (PE2,H1)

# of credits transferred: _____

to be completed: _____

Course Name	Date Started	Date Completed

Electives, required 11

# of credits transferred: _____

 # to be completed: _____

Course Name	Date Started	Date Completed

Social Studies Credits, required 6

# of credits transferred: _____

to be completed: _____

Course Name	Date Started	Date Completed

Career Readiness Skills: Listed below is an example of the skills necessary for workplace success. Use this worksheet

to describe your abilities to perform skills or a goal on how you can improve in this area.

Reliability: The student has integrity and responsibility in professional settings.
Work Ethic: The student has effective work habits, personal accountability, and a determination to succeed.
Punctuality: The student arrives to commitments on time and ready to contribute.
Discipline: The student abides by guidelines, demonstrates self-control and stays on task.
Teamwork/Collaboration: The student builds collaborative relationships with others and can work as part of a team.
Learning Agility: The student desires to continuously learn new information and skills.
Oral and Written Communication: The student articulates thoughts and ideas clearly and effectively in written and oral forms.
Professionalism: The student demonstrates honesty. He or she dresses and acts appropriately and responsibly. He or she learns from mistakes.
Critical Thinking/Problem Solving: The student exercises strong decision-making skills, analyzes issues effectively and thinks creatively to overcome problems.
Digital Technology: The student has an in-depth understanding of emerging technology and leverages technology to solve problems, complete tasks and accomplish goals.
Global/Intercultural Fluency: The student values, respects and learns from diverse groups of people.

Creativity/Innovation: The student is original and inventive. He or she communicates new ideas to others, drawing on knowledge from different fields to find solutions.

Leadership: The student leverages the strengths of others to achieve common goals. He or she coaches and motivates peers and can prioritize and delegate work.
Career Management: The student is a self-advocate. He or she articulates strengths, knowledge and experiences relevant to success in a job or postsecondary education.
Drug Free: The student commits to being drug-free.

Potential References

Reference Name	Title/Role	Phone and/or Email Address

Awards and Recognitions

Award Title	Awarded By	In Recognition of	Award Date

Signatures:

Student: _____ **Date:** _____

Parent (if Minor): _____ **Date:** _____

Student Pathways Advisor: _____ **Date:** _____

The following attachments must be added to the student folder with a copy of this plan:

- All State and Benchmark Test Scores
- Listing of all credits earned and current classes assigned (Historical Grades, Grad Progress, etc.)
- Career Pathway Course Chart

CURRENT INDIANA HIGH SCHOOL DIPLOMA REQUIREMENTS

Indiana General High School Diploma

The completion of Core 40 is an Indiana graduation requirement. Indiana's Core 40 curriculum provides the academic foundation all students need to succeed in college and the workforce.

To graduate with less than Core 40, the following formal opt-out process must be completed:

- The student, the student's parent/guardian, and the student's counselor (or another staff member who assists students in course selection) must meet to discuss the student's progress.
- The student's Graduation Plan (including four year course plan) is reviewed.
- The student's parent/guardian determines whether the student will achieve greater educational benefits by completing the general curriculum or the Core 40 curriculum.
- If the decision is made to opt-out of Core 40, the student is required to complete the course and credit requirements for a general diploma and the career/academic sequence the student will pursue is determined.

Course and Credit Requirements (Class of 2016 & Beyond)

English/Language Arts	**8 credits**
	Credits must include literature, composition and speech
Mathematics	**4 credits**
	2 credits: Algebra I or Integrated Mathematics I 2 credits: Any math course ***General diploma students are required to earn 2 credits in a Math or a Quantitative Reasoning (QR) course during their junior or senior year. QR courses do not count as math credits.***
Science	**4 credits**
	2 credits: Biology I 2 credits: Any science course ***At least one credit must be from a Physical Science or Earth and Space Science course***
Social Studies	**4 credits**
	2 credits: U.S. History 1 credit: U.S. Government 1 credit: Any social studies course
Physical Education	**2 credits**
Health and Wellness	**1 credit**
College and Career Pathway Courses Selecting electives in a deliberate manner to take full advantage of college and career exploration and preparation opportunities	**6 credits**
Flex Credit	**5 credits**
	Flex Credits must come from one of the following: • Additional elective courses in a College and Career Pathway • Courses involving workplace learning such as Cooperative Education or Internship courses • High school/college dual credit courses • Additional courses in Language Arts, Social Studies, Mathematics, Science, World Languages or Fine Arts
Electives	**6 credits** Specifies the minimum number of electives required by the state. High school schedules provide time for many more elective credits during the high school years.

40 Total Credits Required

Schools may have additional local graduation requirements that apply to all students

(Updated Dec., 2011)

INDIANA CORE 40

Effective beginning with students who enter high school in 2012-13 school year (class of 2016).

Course and Credit Requirements	
English/ Language Arts	**8 credits**
	Including a balance of literature, composition and speech.
Mathematics	**6 credits (in grades 9-12)**
	2 credits: Algebra I 2 credits: Geometry 2 credits: Algebra II *Or complete Integrated Math I, II, and III for 6 credits.* *Students must take a math or quantitative reasoning course each year in high school*
Science	**6 credits**
	2 credits: Biology I 2 credits: Chemistry I or Physics I or Integrated Chemistry-Physics 2 credits: any Core 40 science course
Social Studies	**6 credits**
	2 credits: U.S. History 1 credit: U.S. Government 1 credit: Economics 2 credits: World History/Civilization or Geography/History of the World
Directed Electives	**5 credits**
	World Languages Fine Arts Career and Technical Education
Physical Education	**2 credits**
Health and Wellness	**1 credit**
Electives*	**6 credits** (College and Career Pathway courses recommended)
40 Total State Credits Required	

Schools may have additional local graduation requirements that apply to all students

* Specifies the number of electives required by the state. High school schedules provide time for many more electives during the high school years. All students are strongly encouraged to complete a College and Career Pathway (selecting electives in a deliberate manner) to take full advantage of career and college exploration and preparation opportunities.

12-07-2012

CORE 40 with Academic Honors *(minimum 47 credits)*

For the **Core 40 with Academic Honors** diploma, students must:

- Complete all requirements for Core 40.
- Earn 2 additional Core 40 math credits.
- Earn 6-8 Core 40 world language credits (6 credits in one language or 4 credits each in two languages).
- Earn 2 Core 40 fine arts credits.
- Earn a grade of a "C" or better in courses that will count toward the diploma.
- Have a grade point average of a "B" or better.
- Complete <u>one</u> of the following:
  - A. Earn 4 credits in 2 or more AP courses and take corresponding AP exams
  - B. Earn 6 verifiable transcripted college credits in dual credit courses from the approved dual credit list.
  - C. Earn two of the following:
    1. A minimum of 3 verifiable transcripted college credits from the approved dual credit list,
    2. 2 credits in AP courses and corresponding AP exams,
    3. 2 credits in IB standard level courses and corresponding IB exams.
  - D. Earn a combined score of 1750 or higher on the SAT critical reading, mathematics and writing sections and a minimum score of 530 on each
  - E. Earn an ACT composite score of 26 or higher and complete written section
  - F. Earn 4 credits in IB courses and take corresponding IB exams.

CORE 40 with Technical Honors *(minimum 47 credits)*

For the **Core 40 with Technical Honors** diploma, students must:

- Complete all requirements for Core 40.
- Earn 6 credits in the college and career preparation courses in a state-approved College & Career Pathway and one of the following:
  1. State approved, industry recognized certification or credential, or
  2. Pathway dual credits from the approved dual credit list resulting in 6 transcripted college credits
- Earn a grade of "C" or better in courses that will count toward the diploma.
- Have a grade point average of a "B" or better.
- Complete <u>one</u> of the following,
  - A. Any one of the options (A - F) of the Core 40 with Academic Honors
  - B. Earn the following scores or higher on WorkKeys; Reading for Information – Level 6, Applied Mathematics – Level 6, and Locating Information-Level 5.
  - C. Earn the following minimum score(s) on Accuplacer: Writing 80, Reading 90, Math 75.
  - D. Earn the following minimum score(s) on Compass; Algebra 66 , Writing 70, Reading 80.

Attachment 4_School Calendars_and_Schedules

2018

July						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				
						2

August						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	
						18

September						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						15

October						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			
						18

November						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	
						15

December						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					14

Federal Holidays 2018

Jan 1	New Year's Day	Jul 4	Independence Day	Nov 12	Veterans Day (obs.)
Jan 15	Martin Luther King Day	Sep 3	Labor Day	Nov 22	Thanksgiving Day
Feb 19	Presidents' Day	Oct 8	Columbus Day	Dec 25	Christmas Day
May 28	Memorial Day	Nov 11	Veterans Day		

School Holiday - School Closed

Student Enrichment/Staff Development

Historical Testing Window

First/Last Day of School

Graduation Day

180 days

1080 hours

2019

January						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		
						15

February						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		
						15

March						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						19

April						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				
						16

May						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	
						17

June						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						16

Federal Holidays 2019

Jan 1	New Year's Day	Jul 4	Independence Day	Nov 28	Thanksgiving Day
Jan 21	Martin Luther King Day	Sep 2	Labor Day	Dec 25	Christmas Day
Feb 18	Presidents' Day	Oct 14	Columbus Day		
May 27	Memorial Day	Nov 11	Veterans Day		

FUSION ED HIGH SCHOOL - ENRICHMENT HOUR & SERVICE YEAR AT A GLANCE

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	Robotics-Recruit CLUB 'Tasters'	Robotics-Club Young Readers-SL Iron Chef-Club Creative Writers- Sports/fitness-Club Code.org-Club Debate Club Art & Design-Club 3D & CAD-Club Piano/Music	Robotics-Club Young Readers Iron Chef Creative Writers Sports/fitness Code.org Debate Club Art & Design 3D & CAD Piano/Music	Robotics-Club Young Readers Iron Chef Creative Writers Code.org Debate Club Art & Design 3D & CAD APTE/YE Piano/Music	WRAP UP EVENTS Community Holiday Family Breakfast APTE/YE
JANUARY Robotics-Build Advisory Gaming& Games APTE/YE Piano/Music	FEBRUARY Robotics-Build Young Readers Gaming & Games APTE/Y Piano/Music E	MARCH Robotics-compete Young Readers Gaming & Games APTE/YE Piano/Music	APRIL Robotics-review Young Readers Gaming & Games	MAY Robotics-Compete Advisory	JUNE Additive Manufacturing- Camp Art Class

SERVICE LEARNING: Young Readers, Ronald McDonald House, Art & Design, Community Breakfast, Building Projects, Humane Society

This calendar includes past and proposed programs in categories of enrichment student clubs as well as service learning. It is a working draft that will be influenced by student interest and staff availability.

Career activities, trips, pathway experiences are on a separate calendar.

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
		11.1 FIT –Belkofer, Walker **OGT-Make Up Testing** **LAROCK:EKG**	11.2 FIT- Bel, Walk, Singh Cols Lib-OLL1 room History Lab PNC-11:30-1 **Bradford Culinary 10-11:30** **LAROCK:EKG**	11.3 Focus to Finish **Pancakes 8-9AM** **OGT-Make Up Testing**
11.6 FIT- Singh, Sim, Belkfr Film Club – Walker **Fire Drill-TBD**	11.7 FIT – Bel, Walker Vid & Games-Sim Robotics – Singh	11.8 FIT – Sim, Walker, Singh Grads Prep – Belkofer Art/Design Tm-Bd. Rm. **ASSEMBLY/CREDITPRTY**	11.9 FIT-All Coding & Web -Watk **BLT-4pm Brd Rm.**	11.10 **ALL STAFF CRASE PD @ SE – 9-NOON** **Building closed**
11.13 FIT- Singh, Belkfr Film Club – Walker Music/Dance-Sim **Donuts: Serious Stud** Ashland Potluck 1pm	11.14 FIT – Bel, Singh Film Club-Walker Vid & Games-Simmons **OSU Financial Aid Wkshop 10-11:15**	11.15 FIT-Simmons, Belkofer, Robotics – Singh Glam Club –Brd Rm Coding & Web **BOE Mtg 1-3pm @ ColN**	11.16 Focus2Finish 8-10:30 **Arts: Baskets for community Service 10_30-1pm** History Lab	11.17 NO School Teacher Prep/Professional Day
11.20 FIT- Singh, Belkfr Film Club – Walker Music/Dance-Sim	11.21 Focus to Finish: 8-10:30 **Holiday Meal & Art Project: 11-1**	11.22 **THANKSGIVING BREAK**	11.23 **THANKSGIVING BREAK**	11.24 **THANKSGIVING BREAK**
11.27 FIT- Singh, Belkfr Film Club – Walker Coding & Web-Watk	11.28 FIT – Bel, Singh Film Club-Walker Vid & Games-Simmons	11.29 FIT – Sim, Walker, Singh Grads Prep – Belkofer Robotics – Singh Glam Club-Bd Rm	11.30 FIT-ALL Design Team-Brd Room Coding & Web Design	DEC.1 **ALL STAFF PD IN CINCI ALL DAY**

COMMUNITY EVENTS: Holiday Meal, Tuesday 11.21, 11-1pm. Ashland Large Room

Draft11.27.17

FUSION ED HIGH SCHOOL - STUDENT SAMPLE SCHEDULE MODELS

SAMPLE A

8:00-9:00	9:00-9:45	9:45-10:30	10:30-1:00	1:00-2:00
Homeroom and Career Readiness Instruction	Teacher Led Class	Teacher Led Class	Career Programming/Lunch	Internship

SAMPLE B

8:00-9:00	9:00-9:45	9:45-10:30	10:30-12:00	12:00-1:00	1:00-2:00
Homeroom and Career Readiness Instruction	Career Related Instruction	Teacher Led Class	Lunch Small Group Session	Career Related Instruction	Teacher Led Class

SAMPLE C

8:00-9:00	9:00-9:45	9:45-10:30	10:30-11:30	11:30-1:00	1:00-2:00
Homeroom and Career Readiness Instruction	Teacher Led Class	Teacher Led Class	Career Related Instruction	Lunch Small Group Session	Career Related Instruction

KEY

Teacher-led Class - students participate in traditional teacher-led class using block schedules receiving a mix of direct instruction, group work, hands-on learning, and independent mastery practice. A full credit is earned each semester. Live Taught Courses: English, Algebra, Biology, US History.

Small Group Session-Students receive social awareness information and receive extra instruction on RTI guided instruction

Career Related Instruction- Students receive instruction in career interest/program that is aligned to State Standards to earn dual credit

Career Readiness-Students learn professionalism, resume building, and do activities such as mock interviews

FUSION ED HIGH SCHOOL - TEACHER SAMPLE SCHEDULE

7:45-8:00	8-9 AM	9-9:45	9:45-10:30	10:30-11:30	11:30-12:30	12:30-1:00	1:00-2:00	2:00-4:15
Prep	Homeroom	Teacher Led Eng. III-IV	Teacher Led Creative Writing	Advising a student club or activity	Teacher Led Creative Writing	LUNCH	Teacher Led Instruction	Lesson Planning
	Career Readiness	Career/Workplace Writing			Career Writing		Eng. I-II	Student Tutoring
	Writing Lab			Writing Lab			Informational Writing/Reading	Student Advising/extra instruction
							Writing Lab	Teaching Leadership Meeting time
								Parent Conferences
								Advisory responsibilities

KEY

Teacher Led Class – traditional teacher led course employing brief direct instruction, group work, small group tutoring, PBL and other according to state standards.

Writing Lab = Conducting individual writing conferences with students working on English Writing credit writing projects and online coursework.

Shaded areas show a potential teacher schedule. Staff are assigned different teaching responsibilities based on student needs, exam preparation, or staffing allocations.

Afternoons are used for any or all of the listed activities

Fridays are used for the same activities as listed in the afternoons.

Fusion Ed High School
Enrollment / Admissions Policy

I. Admission Information

A. Admission Procedures

Admission to the School is open to any individual entitled to attend school in accordance with the laws of this State of Indiana, the provisions of this policy, and the administrative guidelines established to implement this policy.

Specifically, the School shall:

- Not enroll students who are not residents of the state;
- Limit admission to students who have attained a specific grade level, age (as defined and to the extent applicable) according to the 9-12 at-risk high school population served at the School;
- Permit students from adjacent or from other districts to enroll;
- Not discriminate in the admission of students based on race, creed, sexual orientation, color, disability, or gender;
- Comply with all federal and state laws regarding the education of students with disabilities;
- Not limit admission to students on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability, except as indicated above;
- Admit only the number of students that will not exceed the capacity of the School's programs, classes, grade levels, or facilities; and
- Admit students by lottery from all those submitting applications when the number of applicants exceeds the School's capacity restrictions stated above. Preference will be given to students attending the School during the previous year, to students who reside in the district in which the School is located, to children of full-time staff member, and to siblings of students who attended the School during the previous year.

B. Applications

Applications are accepted for student admission year round. To enroll in the School the parent/guardian, or student if 18 or older, must complete and submit the following:

1. A registration form,
2. Copies of the student's birth certificate and Social Security Card,
3. Current immunization record as mandated by law,
4. Two (2) proof of residence (mortgage, lease, utility bill, etc.), and
5. Request for Records Release, and such other enrollment materials that the School deems necessary

C. Lottery

Enrollment is based on a first come, first served approach. Therefore, the date of application is an important factor if the available seats are limited at the School. If a lottery is necessary, it shall take place at a public location. All parties will have the opportunity to be present during the lottery process and will be notified in advance of the date, time, and location of the lottery. All parents of children selected in the

lottery will be notified of the selection by certified mail. Parents will have up to seven days from receipt of the certified mail to contact the School regarding their decision. If a parent does not respond within seven days of receipt of the certified mail, the school will select another child from the lottery in the order the child's name was drawn. As the School operates and accepts students year round, if other spaces are available after the lottery places become available, students are accepted in order of a prioritized wait-list based on the results of the lottery, or if there is no wait-list, then on a first come first serve basis.

D. Student Records

The School verifies eligibility according to residency and reports names and addresses to the local school district of those students who are enrolled in the School. In addition, once a student is enrolled, records are requested via mailed form letters, signed by parent or guardian (if applicable), from the appropriate school of last attendance. Follow-up calls are made to buildings that have not forwarded records as requested. This procedure also serves as notice to the student's district of residence as required by law.

E. At-Risk Definitions (If Applicable)

An "at-risk" student is one who is: (1) not performing well in brick and mortar schools; (2) not able to complete credit due to district rules or available programs; (3) pregnant or parenting; (4) homeless; (5) two or more grade levels behind; or (6) deemed "at-risk" by the School Administrator or other State laws or regulations.

F. Tuition

The School does not charge tuition.

G. Student Immunizations

All new students are required to submit a copy of their Immunization Records within the first fourteen (14) days that they are enrolled. No student shall be permitted to remain in school for more than fourteen (14) days if the student has not met the minimum immunization requirements established by the Department of Health.

A student who has been released for not submitting a copy of his/her Immunization Records will be counted as an unexcused absence while the student is not attending school.

H. Re-Enrollment

Students who have withdrawn from the School during a school year and want to enroll again will re-enroll according to the enrollment process as previously outlined. Any variation to this process requires Administrator approval.

I. Annually Required Documents

At the beginning of each school year (July 1st), the School will distribute and collect the following forms and documents from all students. (This list is illustrative and subject to change.)

- Current school year Board-approved Parent/Student Handbook (no collection necessary)
- Current school year Board-approved School Calendar (no collection necessary)
- Income Verification Form – must be completed, signed by the parent or student (if over 18), and collected

- Emergency Medical Authorization – must be completed, signed by the parent or student (if over 18), and collected
- Title One Compact – must be completed, signed by the parent or student (if over 18), and collected for both school wide and targeted schools.
- Family Education Services (FES) consent forms (if applicable) must be completed, signed by the parent or student (if over 18), and collected.
- Free and Reduced Lunch Form (if applicable) must be completed, signed by the parent or student (if over 18), and collected.
- Parent / Student Contract – must be signed by parent or student (if over 18), and collected
- Allergy Action Plan - must be completed and signed by parent or student (if over 18), and collected.

J. Change of Address/Phone Number, Change of Custody

It is the Parent/Guardian/Student's responsibility to inform the School office of any change of address or phone number. If you have a change of address, you are required to bring the corrected student information and proof of residency documentation to the School office. If there is a change of custody for the student, you are required to bring the corrected student information, including the current custody order, to the School office.

K. Non-Sectarian Public Charter School

The School is a non-sectarian public charter school, authorized by Ball State University. The School is a free public school that is offered as a choice to parents and students. The School is an independent, free-standing 501(c) (3) nonprofit organization with its own mission, philosophy and educational programs.

L. Non-Discrimination Policy

Fusion Ed High School is open and accessible to all students regardless of race, color, national origin, creed, gender, athletic performance, special need, sexual preference, proficiency in English, physical or mental disability or academic achievement.

M. Public Charter School Regulations

Fusion Ed High School is a public school and students enrolled in and attending the School are required to take achievement tests and other examinations as prescribed by law. In addition, there may be other requirements for students that are prescribed by state law, and the School will ensure compliance with state and federal guidelines.

School districts across the State are participating in an effort to identify, locate, and evaluate all children birth through 21 years of age who may have disabilities. Disability, in this instance, means such conditions as hearing impairments, visual impairments, speech or language impairments, specific learning disabilities, emotionally disturbed, multiple disabilities, mental retardation, other health impairments, physical impairments, autism, and traumatic brain injury. Public schools have responded vigorously to federal and state mandates requiring the provision of a free appropriate public education regardless of a child's disability. However, before school districts can serve children, they must be found. Parents may not be aware their child has a disability or that there are programs and services available.

Parents and children have certain rights in this process, which will be explained in detail by the school district. School districts are interested in identifying, locating, and meeting the needs of children with

disabilities, including homeless, migrant families, and preschoolers. If you know of any child who may have a disability, contact your local public school for more information on how to help.

2019-2020

PARENT - HANDBOOK

FUSION ED HIGH SCHOOL

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I. Welcome and Introduction

The mission of Fusion Ed High School is as follows: "We change lives by training students in certifiable skills that lead to promising careers." Our objective is that students graduate with a diploma and an industry recognized credential. We do this by combining academic programs and career training.

Fusion Ed High School is a student-centered fully accredited high school. You will develop important academic, work, social, emotional well-being, and self-sufficiency skills that will allow you to be successful in life, on the job and with your continuing education.

You can graduate from the School with a nationally accredited high school diploma, well prepared for whatever post-secondary goal that you set for yourself. You will work hard and learn to give your best effort. Everyone at Fusion Ed High School is treated with respect. We require and demand a commitment from you, not just in following the School's rules, but also in striving to reach your fullest potential, and to make Fusion Ed High School the best School in the city.

This Handbook was developed to answer many of the commonly asked questions that you and your parents may have during the school year. This Handbook contains important information that you are responsible for knowing. Become familiar with the following information, and keep the Handbook available for reference by you and your parents. All of the information, policies and procedures contained herein are subject to change at the discretion of the Board of Directors. The term "parent" when used herein means an official care-giver of a minor child, including but not limited to mother, father, stepparent, grandparent, foster parent, or court-appointed guardian. If you have any questions about this Handbook, please contact the School's Administrator. The School Administrator is also referred to as the School Leader and has similar authority and responsibilities as the superintendent of schools for a local district.

II. Admission Information

2.1 Admission Procedures

Admission to the School is open to any individual entitled to attend school in accordance with the laws of this State, the provisions of this policy, and the administrative guidelines established to implement this policy.

Specifically, the School shall:

- Not enroll students who are not residents of the state;
- Limit admission to students who have attained a specific grade level, age, or status as an "at risk" student (as defined and to the extent applicable below) according to the population served at the School;
- Permit students from adjacent or from other districts to enroll;
- Not discriminate in the admission of students based on race, creed, sexual orientation, color, disability, or gender;
- Comply with all federal and state laws regarding the education of students with disabilities;
- Not limit admission to students on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability, except as indicated above;
- Admit only the number of students that will not exceed the capacity of the School's programs, classes, grade levels, or facilities; and
- Admit students by lottery from all those submitting applications when the number of applicants exceeds the School's capacity restrictions stated above. Preference will be

given to students attending the School during the previous year, to students who reside in the district in which the School is located, to children of full-time staff member, and to siblings of students who attended the School during the previous year.

2.2 Applications

Applications are accepted for student admission year-round. A registration form, copies of the student's birth certificate, Social Security Card, current immunization record as mandated by law, proof of residence, and such other enrollment materials that the School deems necessary must be submitted for each student.

2.3 Lottery

If a lottery is necessary, it shall take place at a public location. The lottery will be based on students who submitted completed applications with required documentation. Preference shall be given to returning students who attended the School the previous school year, to students who reside in the district in which the school is located, to siblings of returning students. All parties will have the opportunity to be present during the lottery process and will be notified in advance of the date, time, and location of the lottery. All parents of children selected in the lottery will be notified of the selection by certified mail. Parents will have up to seven days from receipt of the certified mail to contact the School regarding their decision. If a parent does not respond within seven days of receipt of the certified mail, the school will select another child from the lottery in the order the child's name was drawn. As the School operates and accepts students year-round, if other spaces are available after the lottery places become available, students are accepted in order of a prioritized wait list based on the results of the lottery, or if there is no wait list, then on a first come first serve basis.

Homeless students should be enrolled immediately in accordance with the McKinney-Vento Homeless Assistance Act and state law.

2.4 Student Records

The School verifies eligibility according to residency and reports names and addresses to the local school district of those students who are enrolled in the School. In addition, once a student is enrolled, records are requested via mailed form letters, signed by parent or guardian (if applicable), from the appropriate school of last attendance. Follow-up calls are made to buildings that have not forwarded records as requested. This procedure also serves as notice to the student's district of residence as required by law.

2.5 At-Risk Definitions (If Applicable)

An "at-risk" student is one who is: (1) not performing well in brick and mortar schools; (2) not able to complete credit due to district rules or available programs; (3) pregnant or parenting; (4) homeless; (5) two or more grade levels behind; or (6) deemed "at-risk" by the School Administrator or other State laws or regulations.

2.6 Tuition

The School does not charge tuition.

2.7 Student Immunizations

All new students are required to submit a copy of their Immunization Records within the first fourteen (14) days that they are enrolled. No student shall be permitted to remain in school for more than fourteen (14) days if the student has not met the minimum immunization requirements established by the Department of Health. A student who has been released for not submitting a copy of his/her Immunization Records will be counted as an unexcused absence while the student is not attending school.

2.8 Re-Enrollment

Students who have withdrawn from the School during a school year and want to enroll again will re-enroll according to the enrollment process as previously outlined. Preference shall be given to returning students who attended the School the previous school year, to students who reside in the district in which the school is located, to siblings of returning students, and then to new students as space is available.

2.9 Annually Required Documents

At the beginning of each school year (July 1st), the School will distribute and collect the following forms and documents from all students. (This list is illustrative and subject to change.)

- Current school year Board-approved Parent/Student Handbook (no collection necessary)
- Current school year Board-approved School Calendar (no collection necessary)
- Income Verification Form – must be completed, signed by the parent or student (if over 18), and collected
- Emergency Medical Authorization – must be completed, signed by the parent or student (if over 18), and collected
- Title One Compact – must be completed, signed by the parent or student (if over 18), and collected for both school wide and targeted schools.
- Family Education Services (FES) consent forms (if applicable) must be completed, signed by the parent or student (if over 18), and collected.
- Free and Reduced Lunch Form (if applicable) must be completed, signed by the parent or student (if over 18), and collected.
- Parent / Student Contract – must be signed by parent or student (if over 18), and collected
- Allergy Action Plan - In emergency circumstances, based on the nature of the allergy and severity of the illness, staff members may administer allergy medication. Please refer to the Board Policy Manual for more information on the food and allergy policy**)** – if applicable, must be completed and signed by parent or student (if over 18), and collected

2.10 Change of Address/Phone Number, Change of Custody

It is the Parent/Guardian/Student's responsibility to inform the School office of any change of address or phone number. If you have a change of address, you are required to bring the corrected student information and proof of residency documentation to the School office. If there is a change of custody for the student, you are required to bring the corrected student information, including the current custody order, to the School office.

2.11 Non-Sectarian School

The School is a public, non-sectarian School.

III. Student Responsibilities

3.1 Code of Conduct

Fusion Ed High School maintains a Code of Conduct and high-expectations for students in a positive and welcoming environment. A nurturing environment supports students' social and emotional development, which is essential to academic success. Oftentimes, students have not been successful in a traditional system, and by providing a supportive nurturing environment we can help students gain confidence, and improve self-perception. Being surrounded by supportive leaders, teachers and staff can help students become involved and stay engaged. A positive welcoming atmosphere within the building can have an effect on how students behave while they are in and outside of the School setting.

To foster a welcoming and nurturing environment within the building and the classroom, each student is greeted by the teacher upon arriving to class. Many additional Positive Behavior and Support (PBS) programs are implemented throughout the program, such as monthly award ceremonies, recognition for credits earned and achieving senior status, guest speakers, onsite demonstrations, and additional programming offered when success is achieved. The School provides leadership opportunities to students who are interested as well as opportunities to explore careers and interests to determine best pathways. Recognition of positive behavior is reinforced school-wide and in the classroom to encourage good behavior.

The School recognizes that a positive learning environment cannot occur without maintaining order and discipline conducive to learning. The Code of Conduct is intended to standardize procedures to protect the rights of every student at the School.

Students at the School are required to know the Code of Conduct. When students do not follow the rules, they are expected to accept the consequences. The student's attitude toward the rules of the School is very important.

Corporal punishment is not permitted. No employee should threaten, inflict, or cause to inflict unreasonable, irrational, or inappropriate force upon a student. Good sense and judgment should always prevail.

The rules of the Code of Conduct apply to any action or conduct that occurs:

1. On School grounds during the school day or immediately before or after school hours;
2. On School grounds at any other time when the School is being used by a school group;
3. On or off School grounds at any school activity, function or event;
4. Traveling to and from School, including actions on any school or public conveyance; and
5. On the Internet on School grounds, or off School grounds if it affects the learning environment.

Under this Code of Conduct, the following definitions will apply:

Student: A person, adult or minor, enrolled in the School

Parent: (a) Official care-giver of a minor child, including but not limited to mother, father, stepparent, foster parent grandparent, or court-appointed guardian, including any and all State government case workers and/or group home employees as identified at the time of admission or amended in writing thereafter, or an emancipated minor (proof required); (b) For dependent adult student, ages 18-20, parent, guardian, etc. with whom he/she lives; or (c) For married and/or independent adult students ages 18-20 and for all students 21 years old or above, the student himself/herself.

Personnel: Any official, employee, volunteer or person charged with carrying out the work of the School.

The following behaviors are considered OFFENSES at the School and will result in corrective action, potentially including a suspension, expulsion, or withdrawal, in accordance with law and at the discretion of the Administrator.

1. Dress Code Violation – not dressed according to the Fusion Ed dress code
2. Disruption – interfering with school policies or classroom routine
3. Cheating – copying someone else's work or in any way trying to take credit for work not done by the student himself/herself
4. Profane Language – use of profane or unacceptable language
5. Sexual Misconduct – including, but not limited to improper public display of affection in the school building or at any school related activity including but not limited to kissing, etc. The prominent display of "hickeys" or passion marks is prohibited.
6. Tobacco – possessing and/or using tobacco of any kind, as well as using vaporizers and e-cigarettes, in the school building and on school grounds is strictly prohibited
7. Sleeping – activity which results in student non-performance
8. Disobedience to the lawful instructions of a teacher – disobeying the lawful instructions of an Administrator, teacher, or other staff member of the School.
9. Out-of-Bounds – being in any part of the building or grounds including bathrooms, parking lot, classrooms, or offices unless specifically scheduled to be there or unless he/she has received permission from appropriate authority. If a student is in an area of the building without permission, other than classroom, it is grounds for removal from the School.
10. Possession of prohibited items – Students may not have cellular phones or pagers, (these items must be checked in with the teacher upon arrival time), or food or beverages in unauthorized areas.
11. Non-completion of assigned activities – failure to finish academic work
12. Failure to provide name or identification to School personnel – refusal to provide LSC personnel with his/her name identification, or other necessary information including, but not limited to: current phone number, address, etc.
13. Theft – taking the property of another without right or permission
14. Fighting or violence – participating in physical contact and/or verbal abuse with one or more students or personnel
15. Vandalism – purposeful destruction of school or student property
16. Gang Activities – participating in gang activities

17. False fire and/or bomb alarm – willful intent to cause panic by submitting false information
18. Arson or attempted arson – setting fire or attempting to set fire to any school or building property
19. Use/possession/concealment/sale/transmission of any drug, alcoholic beverage, or other illegal, or controlled substance including counterfeit or look-alike substances
20. Use/possession/concealment/sale/transmission of any dangerous or illegal instruments including but not limited to weapons, fireworks, etc.
21. Wrongful conduct – actions that impede, obstruct, interfere with or violate the School's mission, philosophy, and regulations
22. Destruction and or intentional harm to person or property
23. Sexual harassment, misconduct, and or improper language or inappropriate touching or sexting
24. Disrespect of the rights of others or other's property – willful destruction or rudeness towards others (School personnel, students, visitors, guests)
25. Conduct which endangers themselves or others – any form of physical contact that jeopardizes others including but not limited to horse-play and throwing objects. Please refer to the School's Anti-Harassment, Anti-Intimidation, or Anti-Bullying Policy.
26. Harassment, Intimidation, or Bullying behavior (including by an electronic act) as defined herein and in the School's "Anti-Harassment, Anti-Intimidation, or Anti-Bullying Policy" (**Appendix 1**).
27. Any other behaviors or actions that the Administrator deems, in his or her sole discretion, a disruption to the educational environment or as an offense which may result in corrective action.

3.2 Dress Code

General Guidelines:

1. No head coverings, including but not limited to: hats, caps, hoods, bandanas, or sunglasses are allowed to be worn in the School, unless part of religious association.
2. Each student must maintain a neat, clean, professional appearance at all times.
3. All students are encouraged to wear Fusion Ed shirts or other Fusion Ed approved attire.
4. For men: Students are not permitted to wear pajamas bottoms, pajama bottom-style pants, or spandex. Undergarments should not show. Any type of shoe.
5. For women: Students are not permitted to wear tank tops, camisoles, pajama bottoms, pajama bottom-style pants, or spandex. Skirts/shorts/skirts must be no shorter than fingertip length or mid-thigh. Undergarments should not show. Any type of shoe.
6. Replacement School shirts may be obtained through community service or volunteer efforts.
7. The Administrator may make exceptions to the dress code based on physical disability or other conditions.

3.3 Attendance Policy

1. Attendance. All students must maintain regular and consistent attendance to remain enrolled at the School. Students should be on time for each learning opportunity.
2. Absences/Tardis. If the student will be absent from or tardy to a day's learning opportunity, the student or, if the student is under 18, the parent/guardian must call the School on the day of the absence or tardy. A written excuse must be provided to the School upon the student's return. Unexcused absences and tardiest will reduce the student's overall average attendance percentage. Excused absences and tardiest will also reduce the student's overall average attendance percentage but their classification will be considered should the total attendance percentage drop below 60%.

Excused absences and tardiest require written documentation such as a doctor's note, verification from the court or employer, or any other documentation as stated below. All students must provide the School with written documentation regarding excused absences or tardiest on the first day the student returns for a learning opportunity. An excused absence or tardy will be granted if the student is not in school for the following reasons:

a. Medical appointment (with appropriate written documentation)
b. Under a doctor's care (with appropriate written documentation)
c. Automotive (with appropriate tow truck or repair shop receipt)
d. Scheduled road test for a driver's license (with appropriate written documentation)
e. Employment (which cannot be conducted outside of school hours and with appropriate written documentation from employer)
f. Death of an immediate family member (with appropriate written documentation)
g. Personal Illness (with appropriate written documentation)
h. Court appearance (with appropriate written documentation)
i. Appointments that cannot be scheduled outside of school hours such as case workers, probation officer, signing a lease (with appropriate written documentation)
j. Other absences as deemed appropriate by the School Administrator

Any prolonged absence due to illness or other documented reason will also be excused. Excused absences with documentation, such as a doctor's note or verification from the court, can still count against a student's average attendance percentage.

Unexcused absences include the following:

a. Any absence where a student fails to provide appropriate written documentation of the absence (Students should provide written documentation on the first day that a student returns to a learning opportunity.)
b. Leaving a learning opportunity early without proper authorization
c. Each day that a student is late without appropriate documentation and for any other unexcused absence as defined by the School Administrator

3.4 Attendance, Truancy and Automatic Withdrawal Policy

Generally

Attendance at school is key to achievement. Students are expected to attend school regularly and on time. Parents/guardians are encouraged to partner with the School to ensure attendance and timeliness.

Parents/guardians are required to notify the school of any absence prior to the start of the school day. Similarly, parents/guardians are required to notify the school in writing in advance of early pick-up.

Parents/guardians are encouraged to make any doctor, dentist, etc. appointments for times other than school hours.

No student shall be suspended or expelled based solely on the number of absences.

The School shall institute the intervention strategy as listed in Exhibit A to the Attendance, Truancy, and Automatic Withdrawal Policy in the Board Policy Manual**.**

Excessive Absences
A student shall be considered excessively absent when the student is absent (with or without legitimate excuse) 38 or more hours in one school month or 65 or more hours in one school year.

When a student is excessively absent from school:

1. The School will notify the student's parents in writing within seven days of the triggering absence;
2. The student will follow the School plan for absence intervention; and
3. The student and family may be referred to community resources.

Habitually Truant
Habitually truant is defined as being absent without legitimate excuse for thirty or more consecutive hours, forty-two hours or more in one school month, or seventy-two hours or more in a school year.

When a student is habitually truant:

1. Within seven days of the triggering absence, the School will:
    a. Select members of the absence intervention team; (The team should be based on the needs of each individual student, but the team shall include two representatives from the School, one of whom who knows the student, and the student's parent/guardian/custodian. The team may also include a school psychologist, counselor, or social worker.

    b. Make three meaningful attempts to secure the student's parent or guardian's participation on the absence intervention team. (If the parent/guardian fails to respond, the School will investigate whether the failure to respond triggers a mandatory reporting to the public children services agency for the county and instruct the absence intervention team to develop an intervention plan for the student notwithstanding the absence of the student's parent/guardian.)

2. Within 10 days of the triggering absence, the student will be assigned to the selected absence intervention team;
3. Within 14 days after the assignment of the team, the School will develop the student's absence intervention plan; (The school shall provide written notice of the plan to the student's parent/guardian within seven days of developing the plan.)

4. If the student does not make progress on the plan within 61 days or continues to be excessively absent, the district will file a complaint in the juvenile court.

Reporting
The school shall report as soon as practical to the Ohio Department of Education each time a student exceeds the threshold of absences, the date a notice was sent to parents, the date when a student qualifies as habitually truant, when an adjudicated unruly child violates a court order, and when an intervention plan has been implemented.

If the student is violating a court order regarding the student's adjudication as an unruly child for being habitually truant, the Board hereby authorizes the school's administrator or his/her designee to inform the student and parent/guardian of the violation and to notify the Juvenile Court.

Withdrawal
When a student of compulsory age withdraws from school, the School shall ascertain the reason for the withdrawal. If the reason for the withdrawal is for a reason other than a change in residence and is not enrolled in another program, the School shall notify the registrar of motor vehicles and the juvenile judge in the county in which the school is located. The notice shall be given within two weeks after the withdrawal and failure to enroll in another program permitted by law.

In accordance with Ohio law, a student will be automatically withdrawn from the School if the student without a legitimate excuse fails to participate in one hundred five consecutive hours of the learning opportunities offered to the student.

3.5 Progressive Discipline Policy

Fusion Ed High Schools follow a **progressive discipline policy**.

1. The degree of discipline will be proportional to the severity of the behavior for which the student is being disciplined.
2. The student's previous discipline history and other relevant factors will be considered in determining the degree of discipline.
3. All due process procedures required by federal and state law will be followed.

Through progressive discipline, Fusion Ed High School administrators will determine appropriate consequences and/or identify relevant support that may help students improve their behavior. The goal is to prevent inappropriate student behavior from happening again.

School administrators may consider a range of options in responding to each situation. These options will include different supports and consequences. Support might range from a conversation with the student to a review of expectations for the student's behavior to counselling from a social worker, such as for life skills coaching or anger management. Consequences may include, for example, an assignment, a detention, a suspension or an expulsion.

3.6 Suspension & Expulsion, Emergency Removal, Permanent Removal & Due Process Procedures

The school recognizes that exclusion from the educational program is a serious sanction and that suspension and expulsion must follow due process mandates. Additionally, the school will comply with all state and federal law pertaining to students with disabilities.

A student may be disciplined for any violation of the student code of conduct, even if the violation occurs on property not owned or controlled by the school if the violation took place during activities connected with the school or if the behavior is directed at a school official.

Any student suspended or expelled under this policy will not be permitted to participate in any extracurricular activities.

Suspension

The principal or designee may suspend a student from the school for not more than ten school days. If at the time a suspension is imposed there are fewer than ten school days remaining in the school year in which the incident that gives rise to the suspension takes place, the principal may require the student to participate in a community service program or another alternative program for a number of hours equal to the remaining suspension period. The student shall be required to begin the program during the first full week day of the summer break. A principal may not apply the remaining suspension period to the following year.

Except in the case of a student given an in-school suspension, no student shall be suspended unless prior to the suspension the principal does both of the following:

(1) Gives the student written notice of the intention to suspend the student and the reasons for the intended suspension.
(2) Provide the student an opportunity to appear at an informal hearing before the principal and challenge the reason for the intended suspension or otherwise to explain the student's actions.

Expulsion

The superintendent may expel a student from the school for a period not to exceed the greater of eighty school days or the number of school days remaining in the semester or term in which the incident that gives rise to the expulsion takes place. If at the time an expulsion is imposed there are fewer than eighty school days remaining in the school year in which the incident that gives rise to the expulsion takes place, the superintendent may apply any remaining part or all of the period of the expulsion to the following school year.

No student shall be expelled under this policy unless, prior to the student's expulsion, the principal does both of the following:

(1) Gives the student and the student's parent, guardian, or custodian written notice of the intention to expel the student;
(2) Provides the student and the student's parent, guardian, custodian, or representative an opportunity to appear in person before the principal or principal's designee to challenge the reasons for the intended expulsion or otherwise to explain the student's actions. The notice required under this section shall include the reasons for the intended expulsion, notification of the opportunity of the student and the student's parent, guardian, custodian, or representative to appear before the principal or principal's designee to challenge the reasons for the intended expulsion or otherwise to explain the student's action, and notification of the time and place to appear. The time to appear shall not be earlier than three nor later than five school days after the

notice is given, unless the principal grants an extension of time at the request of the student or the student's parent, guardian, custodian, or representative. If an extension is granted after giving the original notice, the principal shall notify the student and the student's parent, guardian, custodian, or representative of the new time and place to appear.

Unless a student is permanently excluded, the Superintendent shall expel a pupil for a period of one year for bringing a firearm to the School, to an extracurricular event, or onto any other property controlled by the Governing Authority Board of Directors of the School or an extracurricular event. "Firearm" has the same meaning provided in the "Gun-Free Schools Act," a "firearm means (A) any weapon (including a starter gun) which will or is designed to or may readily be converted to expel a projective by the action of an explosive; (B) the frame or receiver of any such weapon; (C) any firearm muffler or firearm silencer; or (D) any destructive device, which includes a bomb grenade, a rocket having a propellant charge of more than four ounces, a missile having an explosive or incendiary charge of more than one-quarter ounce, a mine, or similar device. This definition would also include any weapon that will, or that may be readily converted to, expel a projectile by the action of an explosive or other propellant, and that has a barrel with a bore of more than one half in diameter. The term does not include an antique firearm. The Superintendent may reduce the expulsion time on a case by case basis based upon the student's overall record at the School.

Permanent Exclusion

A student may be permanently excluded from attending any school in the state if the student is convicted of, or adjudicated a delinquent child for, committing an act that would be a criminal offense if committed by an adult, when the student was sixteen years of age or older if the act is one of the following:

- Illegal conveyance or possession of deadly weapon or dangerous ordnance or of object indistinguishable from firearm in school safety zone in violation of R.C. 2923.11.
- Carrying a concealed weapon, trafficking in drugs or possession of controlled substances, if the violation was committed on property owned or controlled by the school or at a school activity in violation of R.C. 2923.12, R.C. 2925.03, and/or R.C. 2925.11.
- Aggravated murder, murder, voluntary manslaughter, involuntary manslaughter, felonious assault, aggravated assault, rape, gross sexual imposition, or felonious sexual penetration in violation of R.C. 2903.01, R.C. 2923.02, R.C. 2903.03, R.C. 2903.04, R.C. 2903.11, R.C. 2903.12, R.C. 2907.02, R.C. 2907.05, and/or the former section R.C. 2907.12 if the violation was committed on property owned or controlled by the school or a school activity if the victim at the time of the commission of the act was an employed at the school.
- Complicity in any of the above violations regardless of whether the act of complicity was committed on property owned or controlled by, or at an activity held under the auspices of, the school.

If the superintendent of the school obtains or receives proof that a student has been convicted of committing or adjudicated a delinquent child for the commission when the student was sixteen years of age or older of one or more of the above, the superintendent may issue to the school's

governing authority a request that the student be permanently excluded from public school attendance in Ohio, if both of the following apply:

(1) After obtaining or receiving proof of the conviction or adjudication, the superintendent or the superintendent's designee determines that the student's continued attendance in school may endanger the health and safety of other students or school employees and gives the student and the student's parent, guardian, or custodian written notice that the superintendent intends to recommend that the governing authority adopt a resolution requesting the superintendent of public instruction to permanently exclude the student from public school attendance.

(2) The superintendent or the superintendent's designee forwards to the governing authority the superintendent's written recommendation that includes the determinations the superintendent or designee made pursuant to this policy and a copy of the proof the superintendent received showing that the student has been convicted of or adjudicated a delinquent child for a violation listed in this section that was committed when the student was sixteen years of age or older.

The School shall follow all requirements for permanent exclusion as described by ORC 3313.66, including providing notice of the possibility of permanent exclusion with each suspension and expulsion notice.

Emergency Removal

If a student's presence poses a continuing danger to persons or property or an ongoing threat of disrupting the academic process taking place either within a classroom or elsewhere on the school premises, the principal may remove a student from curricular activities or from the school premises without the notice and hearing requirements of this policy. If a student is removed under this division from a curricular activity or from the school premises, written notice of the hearing and of the reason for the removal shall be given to the student as soon as practicable prior to the hearing, which shall be held within three school days from the time the initial removal is ordered. The hearing shall be held in accordance with the suspension provision herein unless it is probable that the student may be subject to expulsion, in which case a hearing in accordance with expulsion provision herein shall be held, except that the hearing shall be held within three school days of the initial removal. The individual who ordered, caused, or requested the removal to be made shall be present at the hearing.

Right to Appeal to Board

Within one school day after the time of a student's expulsion or suspension, the principal or designee shall notify in writing the parent, guardian, or custodian of the student and the Board of Directors of the School of the expulsion or suspension. The notice shall include the following reasons for the expulsion or suspension and notification of: (1) the right of the student or the student's parent, guardian, or custodian to appeal the expulsion or suspension to the Board of Directors of the School or to its designee; (2) the right to be represented in all appeal proceedings; (3) the right to be granted a hearing before the Board of Directors of the School or its designee in order to be heard against the suspension or expulsion; (3) and the right to request that the hearing be held in executive session. The notice shall specify the manner and date by which the student or the student's parent, guardian, or custodian shall notify the Board of Directors of the School of the student's, parent's, guardian's, or custodian's intent to appeal the expulsion or suspension to

the Board or its designee. If the principal expels a student under this section for more than twenty school days or for any period of time if the expulsion will extend into the following semester or school year the notice shall provide the student and the student's parent, guardian, or custodian with information about services or programs offered by public and private agencies that work toward improving those aspects of the student's attitudes and behavior that contributed to the incident that gave rise to the student's expulsion. The information shall include the names, addresses, and phone numbers of the appropriate public and private agencies.

If the student or the student's parent, guardian, or custodian intends to appeal the expulsion or suspension to the Board of Directors of the School or its designee, the student or the student's parent, guardian, or custodian shall notify the Board of Directors of the School in the manner and by the date specified in the notice. The student or the student's parent, guardian, or custodian may be represented in all appeal proceedings and shall be granted a hearing before the Board of Directors of the School or its designee in order to be heard against the suspension or expulsion. At the request of the student or of the student's parent, guardian, custodian, or attorney, the Board of Directors of the School or its designee may hold the hearing in executive session but shall act upon the suspension or expulsion only at a public meeting. The Board of Directors of the School, by a majority vote of its full membership or by the action of its designee, may affirm the order of suspension or expulsion, reinstate the student, or otherwise reverse, vacate, or modify the order of suspension or expulsion. The Board of Directors of the School or its designee shall make a verbatim record of hearings held under this division. The decisions of the Board of Directors of the School or its designee may be appealed under Chapter 2506 of the Ohio Revised Code.

This policy shall not be construed to require notice and hearing in the case of normal disciplinary procedures in which a student is removed from a curricular activity for a period of less than one school day and is not subject to suspension or expulsion.

For purposes of this policy, the Board of Directors of the School appoints the Operator as its designee.

Discipline for Students with Disabilities

Consistent with this policy, to the extent the principal may order removal of a student without disabilities, the principal may remove a student with a disability, but not for more than ten (10) school days.

After a child with a disability has been removed from the child's current placement for ten school days in the same school year, during any subsequent days of removal, the school district must provide services.

If a child is removed for a period of time exceeding ten school days and the behavior was not determined to be a manifestation of the disability, the student must continue to receive educational services and receive a functional behavioral assessment and behavioral intervention services.

Change in Placement

The School will notify the parent of the removal decision that constitutes a change in placement for a student with a disability and provide the parent with a copy of the notice of procedural safeguards on the same day as the date of the removal decision.

A change in placement will occur when

- a removal is for more than ten (10) consecutive school days; or
- a series of removals constitute a pattern because;
    - the removals cumulate to more than ten (10) school days in a school year,
    - the behavior of the student is substantially similar to prior incidents, and
    - other factors such as the length of each removal, the total amount of time the student is removed, and the proximity of the removals to one another.

Manifestation Determination

Within ten school days of any decision to change the placement of a child with a disability due to a violation of the code of student conduct, the School, parent, and relevant members of the IEP team must review all relevant information in the student's file to determine:

1. If the conduct in question was caused by, or had a direct and substantial relationship to the child's disability or
2. If the conduct was a direct result of the School's failure to implement the IEP.

If either of these two conditions are found to exist, the conduct must be determined to be a manifestation of the disability.

If the IEP team and other qualified personnel determine that the student's behavior was not related to the disability, the relevant disciplinary procedures applicable to students without disabilities may be applied to the student in the same manner in which they would be applied to students without disabilities.

If the IEP team determines that the student's behavior was a manifestation of the disability, the school must either:

1. Conduct a functional behavioral assessment or,
2. If the behavioral plan has already been developed, review the behavioral intervention plan and the implementation plan and modify them if necessary.
    a. The child must return to the placement from which the child was removed, unless the parent and the School agree to a change of placement as part of the modification of the behavioral intervention plan.

School personnel may remove a student to an interim alternative educational setting for not more than forty-five school days without regard to whether the behavior is a manifestation of the disability if the student:

1. Carries a weapon to or possesses a weapon at School, on school premises, or to a school function;
2. Knowingly possesses or uses illegal drugs, or sells or solicits the sale of a controlled substance while at School, on school premises, or at a school function; or
3. Has inflicted serious bodily injury upon another while at School, on school premises, or at a school function.

Students removed under this section must continue to receive services and receive a functional behavioral assessment and behavioral intervention services.

Appeals

If a parent disagrees with any decision regarding placement or the manifestation determination decision made by the IEP team, the parent may request a hearing. Whenever a hearing is requested, the School will comply with the procedures for an expedited due process hearing.

3.7 Withdrawal Policies and Procedures

If a parent or guardian wishes to withdraw his/her student or an adult student wishes to withdraw from the School, he/she must complete and sign a withdrawal form. Minor students must supply proof of enrollment from another school before he/she will be withdrawn from the School.

3.8 Parent & Student Surveys

Parents and students are asked to complete a Parent & Student Satisfaction Survey as required under the School's Contract, as well as any other School surveys deemed appropriate by the School's Administrator.

In addition, upon Graduation, students will be asked to complete a survey regarding their future plans.

IV. Academics

4.1 The Curriculum

The curriculum is a combination of academics, including project-based learning lessons, life skills preparation and employability skills instruction. Each student works on his or her personalized learning plan, participates in small group sessions and completes independent work in order to earn credits for graduation and pass any mandatory state testing. Students also have access to electronic educational software programs and the Internet for their academic lessons, and post-secondary and vocational exploration. One-on-one tutoring is also available if needed.

Students receive an individual academic and career plan (based upon their academic needs and vocational/employment plans). Employability Specialists work with each student to assist with job placement, vocational opportunities and career advancement.

4.2 Academic Sessions

Students must attend the learning opportunities appropriate for their course of study at the School. Students who work or volunteer at least 5 hours per week may be permitted to leave a learning opportunity early or arrive to a learning opportunity late, so long as they can provide proof that they were scheduled at their respective work/volunteer site during the relevant learning opportunity with appropriate travel time included.

Each student also participates in a minimum of five hours of additional learning opportunities per week. These learning opportunities include employment, volunteering, vocational counseling or other activities deemed suitable. Students may earn a lifetime maximum of six (6) work credits that are counted toward the seven (7) elective credits for graduation. There is a limit of three (3) work credits earned per school year. Exceptions to this requirement are only permitted after the

School Administration performs an in-depth review of the student's individual circumstances, and approval is obtained from the Administrator.

All volunteer activities outside of the School need to be approved by the Administrator and documented so the student can receive appropriate credits.

4.3 Grading

Each student is required to complete weekly academic activities on the computer. In addition, workbooks, newspapers, magazines and resource materials are available for student use while completing off-line assignments. Students must receive 60% or better to master a course.

Each student is also required to keep a portfolio of his/her accomplishments. The School's Graduation Committee and Administrator review the portfolio on behalf of the Board of Directors before the student is deemed ready for graduation.

4.4 Progress Reports

The School uses a Complete/Incomplete grading system. Progress Reports are issued to each student every sixteen (16) weeks and are generally distributed in October, February and June. Progress Reports can be requested by parents or guardians at any time.

4.5 Grade Levels

Promotion to 10th grade: Students must have at least 5 credits.

Promotion to 11th grade: Students must have at least 10 credits

Promotion to 12th grade: Students must have at least 15 credits.

20 Credits are required for graduation.

State law requires the School to prohibit the promotion of a student to the next grade level if the student has been truant for more than ten per cent of the required attendance days of the current school year and has failed two or more of the required curriculum subject areas in the current grade unless the student's principal and the teachers of any failed subject areas agree that the student is academically prepared to be promoted to the next grade level.

4.6 Conferences/Open House

Conferences are strongly encouraged throughout the year. Parents/legal guardians may be contacted to meet with instructors and the student at least once a trimester. The School encourages parents to request a conference at any time.

A. **Transferring Credits**

Student credits from former high schools do transfer to the School. A "Request for Records" will be sent to the student's school. If a student has an official transcript, it is recommended that he/she attach it to the initial application or submit it to the main office.

Note: An official transcript has a raised seal. The School *must* have an official transcript in order for a student to graduate.

B. **College Credit Plus and Advanced Standing Options**

College Credit Plus and Advanced Standing are available for interested students. More information on these options can be obtained through your School Administrator. The School does not award high school credit for post-secondary courses any portion of which were taken during a period of expulsion imposed by the School.

C. Graduation Requirements

In order to graduate with an Indiana Core 40 High School Diploma, a student must satisfy all of the following requirements:

Reading, writing and math are essential life skills, and students must demonstrate a basic understanding of English/language arts and mathematics as part of the requirements for graduation.

The assessment requirement for graduation can be met in three ways:
1. Pass the English 10 and Algebra I End of Course Assessments (graduating class of 2018) OR the Grade 10 ISTEP+ in English/Language Arts and Mathematics (graduating classes of 2019 and 2020).

2. Fulfill the requirements of the Evidence-based waiver:

- Take the graduation exam in each subject area in which you did not achieve a passing score at least one time every school year after the school year in which you first took the examination.
- Complete any extra help sessions offered each year by the school to prepare for the graduation examination retests.
- Maintain a school attendance rate of 95 percent or better over the course of your high school experience (excused absences are not counted against your attendance rate).
- Have at least a "C" average, over the course of your high school career, in the courses required for graduation.
- Satisfy any other state and local * graduation requirements.
- Get a written recommendation from the teacher(s) in the subject area(s) not passed, as well as one from the school principal, and show proof that the academic standards have been met, whether through other tests or classroom work.

*Note: Students with an IEP are not required to meet additional local requirements beyond state requirements (effective 2016).

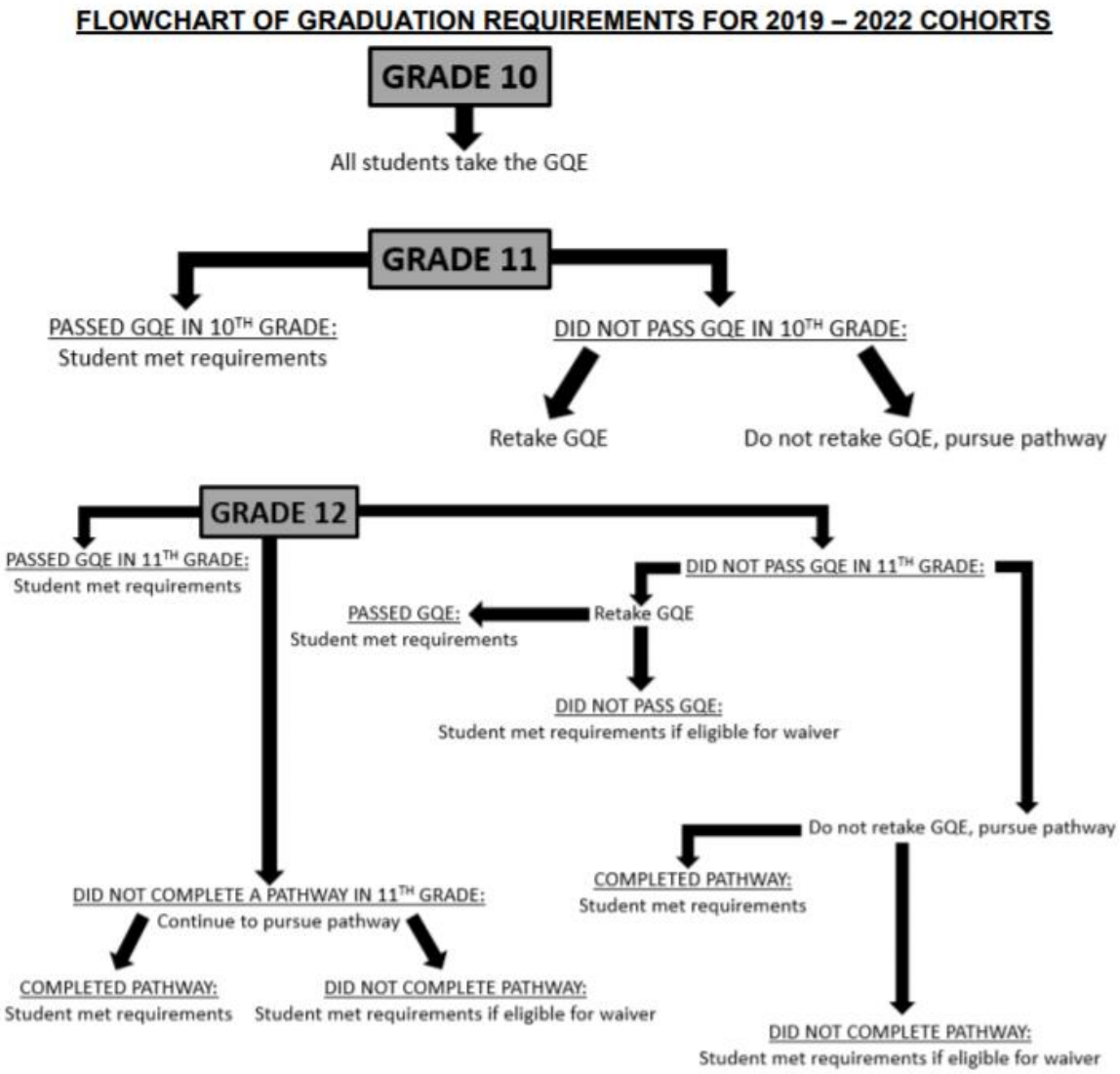
3. Fulfill the requirements of the Work-readiness waiver:

- Take the graduation examination in each subject area in which you did not achieve a passing score at least one time every school year after the school year in which you first took the examination.
- Complete any extra help sessions offered each year by the school to prepare for the graduation examination retests.
- Maintain a school attendance rate of 95 percent or better over the course of your high school experience (excused absences are not counted against your attendance rate).
- Have at least a "C" average, over the course of your high school career, in the courses required for graduation.
- Satisfy any other state and local * graduation requirements.
- Complete the following:

- Course and credit requirements for a General Diploma (including the career academic sequence);
- Workforce readiness assessment; and
- At least one industry certification from the state board's approved industry certification list (effective with the class of 2017; this list will be updated annually).

*Note: Students with an IEP are not required to meet additional local requirements beyond state requirements (effective 2016).

The following graphic displays the pathways available to all students:



For more information, visit: https://www.doe.in.gov/assessment/meeting-assessment-requirement-graduationwaiver-process.

Indiana Core 40

Summary of Academic Credits Required:

SUBJECT		
ENGLISH LANGUAGE ARTS	8	LIT, COMP, SPEECH
MATHEMATICS	4	2 CREDITS IN ALEGBRA1 OR INTEGRATED MATH 1. 2 CREDITS IN ANY MATH COURSE.
SCIENCE	4	2 CREDITS BIOLOGY 1, 2 CREDITS ANY SCIENCE COURSE
SOCIAL STUDIES	4	2 CREDITS US HISTORY, 1 CREDIT US GOVERNMENT, 1 CREDIT ANY SOCIAL STUDIES COURSE
PHYSICAL EDUCATION	2	
HEALTH & WELLNESS	1	
CAREER & COLLEGE EDUCATION	6	DELIBERATE SELECTION TO TAKE FULL ADVANTAGE OF COLLEGE AND CAREER EXPLORATION AND PREPARATION
ELECTIVES	6	MINIMUM NUMBER OF ELECTIVE CREDITS
FLEX CREDIT	5	FLEX CREDITS CAN COME FROM (1) ADDITIONAL ELECTIVE COURSES, (2) COURSES INVOLVING WORKPLACE LEARNING SUCH AS COOP OR INTERNSHIPS, (3) HIGH SCHOOL/COLLEGE DUAL CREDIT COURSES, (4) ADDITIONAL COURSES IN LANGUAGE ARTS, SS, MATH, SCIENCE AND WORLD LANGUAGES OR FINE ARTS

J. Opt Out or Credit Flexibility Plan Option

To graduate with less than Core 40, the following formal opt-out process must be completed:

* The student, the student's parent/guardian, and the student's counselor (or another staff member who assists students in course selection) must meet to discuss the student's progress.

* The student's Graduation Plan (including four year course plan) is reviewed.

* The student's parent/guardian determines whether the student will achieve greater educational benefits by completing the general curriculum or the Core 40 curriculum.

* If the decision is made to opt-out of Core 40, the student is required to complete the course and credit requirements for a general diploma and the career/academic sequence the student will pursue is determined.

V. School Facilities

5.1 Hours of Operation

The School building opens at approximately 7:45 a.m. and closes approximately at 4:30 p.m. Monday – Friday, notwithstanding the times and days learning opportunities are offered. Building operation times may change, in which case notification will be given prior to change.

5.2 Tobacco and Eating

The law prohibits using tobacco in the building or on the grounds of the School. Food and beverages are generally not allowed in the classroom or the computer labs, except in authorized areas.

5.3 Parking

If the student drives, he/she may park in the visitor's lot, if available.

5.4 Transportation

The School does not provide transportation. However, where available, the School is easily accessible to various city public bus services.

5.5 Visitors

School is a closed-campus school. The students remain in the school during their academic session. If an emergency arises the student will sign out and if need be, the party picking up the student will also sign with information as required by the School. All students must and will be accounted for while on campus.

Parents, graduates and other visitors are always welcome with advanced notice and approval of the School office except in the case of an emergency. No children are permitted in the classroom at any time. If children would like to visit the School, an appointment for a tour must be scheduled with the main office.

All visitors are required to report to the school office prior to their visit and may be escorted while in the building. All visitors must sign in upon arrival and sign out before leaving the building and must wear a visitor's pass while in the building.

Visitors must pre-arrange any meetings or visits with teachers or Administrators prior to entering the building. Visits should be limited to 1/2 hour unless other arrangements have been made for an extended period of time.

When parents are visiting, they are asked not to attempt a parent teacher conference while students are in the classroom.

5.6 Emergency Phone Calls

Students may give the School's phone number to relatives for emergency purposes only. The main office will take a message and forward it to a student as soon as possible. Students must receive approval from School personnel to make phone calls from the main office.

Students are not permitted to use School phones without approval from School personnel.

5.7 School Closure Policy

Should it be necessary to close the School due to weather or other unforeseen emergencies, information will be given over radio and television stations. Students are asked not to call the School.

5.8 Pesticide Notice

Parents and guardians of minor children, adult students, faculty and staff who are enrolled or employed at the School may request and receive prior notifications of the applications of pesticides which are scheduled for a time when school is in session. All such requests shall include the requesting party's email address and/or telephone number and shall be submitted to the School Office.

5.9 Cell Phones and Electronic Devices

Students are permitted to have cell phones with them during School hours subject to specific classroom rules. However, Students are prohibited from using cell phones or electronic devices in any negative, disruptive, or illegal manner.

Students who need to use cell phones during on-campus sessions should seek approval from a staff member before doing so.

Students violating this policy may be subject to disciplinary action.

5.10 Backpacks, Desks, and Other Personal Storage Areas

Desks and other storage areas provided to students for their use remain the property of the School. Students by law have no expectation of privacy in any storage area assigned to them. No student shall lock or otherwise impede access to any storage area. Unapproved locks will be removed and destroyed with no compensation owed to student.

Upon authorization of the Administrator, backpacks, desks, and other personal storage areas may be searched at any time. The Administrator may at any time, with reasonable suspicion, call upon the assistance of the local police authorities to conduct a search of backpacks, desks, and other personal storage areas, and the contents contained therein.

VI. Safety

6.1 Fire Alarm

When the fire bell rings, exit the building through the nearest exit in an orderly fashion according to instructions given by the attending adults. Instructions are also posted in each classroom.

6.2 Reporting Injuries

If a student is injured at the School he/she must immediately report the injury to School personnel. The main office will complete a copy of the injury report.

6.3 Harassment, Intimidation, Bullying

A safe and civil environment is necessary for students to learn and achieve high academic standards. Harassment, Intimidation, and Bullying are strictly prohibited, and students who are determined to have engaged in such behavior are subject to disciplinary action, which may include suspension or expulsion. This policy details the School's prohibition of Harassment, Intimidation, and Bullying (including Cyber-Bullying).

I. Definitions:

A. "Harassment, Intimidation, Bullying" means:

1. An intentional written, verbal, graphic, electronic, or physical act that a student or group of students has exhibited toward another student or school personnel (including volunteers or others serving the school), more than once, and the behavior:

a. Causes mental or physical harm to the victim; and

b. Is sufficiently severe, persistent or pervasive that it creates an intimidating, threatening or abusive educational environment

2. Violence within a dating relationship

B. By Electronic Means/Cyber-Bullying: Harassment, Intimidation, Bullying includes electronic acts, which mean an act committed through the use of phones, PDAs, computers, electronic notebooks, game systems, or any other electronic or communication devices. (Harassment, Intimidation, Bullying conducted through electronic devices is sometimes referred to as "Cyber-Bullying".)

C. Location: Acts constituting Harassment, Intimidation, or Bullying subject to this policy must occur to and from school, on school grounds, at school-sponsored or sanctioned activities, or in school transportation in order for the School to be reasonably able to monitor and discern the conduct pursuant to this policy. Cyber-Bullying, subject to this policy, may occur beyond those locations but is covered by this Policy and is strictly forbidden under this Policy.

II. **Types of Conduct**

Harassment, Intimidation or Bullying can include many different behaviors including overt intent to ridicule, humiliate or intimidate another student or school personnel. Examples of conduct that could constitute prohibited conduct may include, but is not limited to:

1. Physical violence and/or attacks;
2. Threats, taunts and Intimidation through words and/or gestures;
3. Extortion, damage or stealing of money, property or possessions;
4. Exclusion from the peer group or spreading rumors;

5. Repeated remarks of a demeaning nature that have the purpose or effect of causing injury, discomfort, fear or suffering to the victim;

6. Repetitive and hostile behavior with the intent to harm others through the use of information and communication technologies and other web-based/online sites (also known as "cyber Bullying"), such as the following:

    - Posting slurs on websites or any form of social media;
    - Sending or posting abusive or threatening instant messages, emails, texts or communications via social media;
    - Using cameras or cameras on any devices to take private or embarrassing photographs of students and sending or posting them online or on any form of social media;
    - Using websites or other electronic communication to circulate gossip and rumors to other students;
    - Excluding others from an online group by falsely reporting them for inappropriate language to internet service providers.

III. Complaint Process – Reporting Prohibited Incidents

A. Students, Parents/Guardians, or other individuals may report suspected Harassment, Intimidation, Bullying to any School personnel. The Chief Administrative Officer or his/her designee is responsible for receiving complaints alleging violations of this Policy. School personnel who receive a complaint will promptly report or forward it to the Chief Administrative Officer or his/her designee for review and action.

B. Oral reports of suspected prohibited behavior are considered official complaints in the same manner as a written complaint. School personnel who receive an oral complaint will promptly document the complaint in writing, and will promptly forward it to the Chief Administrative Officer for review and action.

C. Both written and oral complaints shall be reasonably specific as to the actions giving rise to the suspicion of Harassment, Intimidation, and/or Bullying, including person(s) involved, number of times and places of the alleged conduct, the target of the prohibited behavior, and the names of any potential witness.

D. Anonymous Complaints: Individuals who make complaints as set forth above may request that their name be maintained in confidence by the School. The anonymous complaints will be reviewed and reasonable action will be taken to address the situation, to the extent such action may be taken that (1) does not disclose the source of the complaint; and (2) is consistent with the due process rights of the student(s) alleged to have committed acts of Harassment, Intimidation and/or Bullying.

E. False Complaints: It is a violation of this policy to knowingly report false allegations of Harassment, Intimidation, and/or Bullying. Persons found to knowingly report or corroborate false allegations will be subject to appropriate discipline.

F. School personnel, volunteers, and students shall be individually immune from liability in a civil action for damages arising from reporting an incident in accordance with this policy if that person reports an incident in good faith an in compliance with the procedures set forth herein.

IV. School Personnel Responsibilities

A. Teachers and Other School Personnel Responsibilities

1. Teachers and other school personnel, who witness acts of Harassment, Intimidation or Bullying, as defined above, will promptly notify the Chief Administrative Officer or his/her designee of the event observed by filing a written incident report concerning the events witnessed.

2. In addition to addressing both informal and formal complaints, school personnel are encouraged to address the issue of Harassment, Intimidation or Bullying in other interactions with students. School personnel may find opportunities to educate students about Harassment, Intimidation and Bullying and help eliminate such prohibited behaviors through class discussions, counseling, and reinforcement of socially appropriate behavior.

3. School personnel should intervene promptly where they observe student conduct that has the purpose or effect of ridiculing, humiliating, or intimidating another student/school personnel, even if such conduct does not meet the formal definition of "Harassment, Intimidation, or Bullying."

B. Administrator Responsibilities - Investigation and Documentation

1. The Chief Administrative Officer or his/her designee shall conduct a prompt and thorough investigation of all complaints of suspected Harassment, Intimidation, or Bullying. The Chief Administrative Officer or his/her designee shall prepare a written report of the investigation when the investigation is complete. Such report will include findings of fact and a determination of whether acts of Harassment, Intimidation, or Bullying were verified. When prohibited acts are verified, the Chief Administrative Officer or his/her designee shall also prepare a recommendation for intervention, including disciplinary action. Where appropriate, written witness statements will be attached to the report. It is imperative that Harassment, Intimidation, and Bullying be identified only when the specific elements of the definition are met because the designation of such prohibited incidents carry special statutory obligations. However, a determination that misconduct does not constitute Harassment, Intimidation or Bullying under this Policy, does not restrict the right of the Chief Administrative Officer to impose appropriate disciplinary consequences for student misconduct.

2. When an individual reporting a complaint has requested anonymity, the investigation of such complaint will be limited as is appropriate in view of the anonymity of the complaint. Such limitation of investigation may include restricting action to a simple review of the complaint (with or

without discussing it with the alleged perpetrator), subject to receipt of further information and/or the withdrawal by the complaining individual of the condition that his/her report be anonymous.

V. Notification to Parents/Guardians

A. Perpetrator: If after investigation, acts of Harassment, Intimidation and Bullying by a specific student are verified, the Chief Administrative Officer or his/her designee will notify, in writing, the parent or guardian of the perpetrator of that finding. If disciplinary consequences are imposed against such student, a description of such discipline will be included in such notification to the extent permitted by law.

B. Victim: If after investigation, acts of Bullying against a specific student are verified, the Chief Administrative Officer or his/her designee will notify the parent or guardian of the victim of such findings. In providing such notification, care must be taken to respect the statutory privacy right, including those set forth in the R.C. § 3319.321 and the Family Educational Rights and Privacy Act of 1974, 88 Stat. 571, 20 U.S.C. 1232q of the perpetrator of such Harassment, Intimidation and Bullying.

C. To the extent permitted by State and Federal privacy laws, parents or guardians of any student involved in a prohibited incident may have access to any written reports pertaining to the prohibited incident.

VI. Remedial Actions

A. Verified acts of Harassment, Intimidation or Bullying will result in action by the Chief Administrative Officer or his/her designee that is intended to ensure that the prohibition against Harassment, Intimidation or Bullying behavior is enforced, with the goal that any such prohibited behavior will cease.

B. The School recognizes that acts of Harassment, Intimidation, or Bullying can take many forms and can vary dramatically in seriousness and impact on the targeted individual and school community. Accordingly, there is no one prescribed response to verified acts of Harassment, Intimidation, and Bullying. Disciplinary and appropriate remedial actions for an individual who commits an act of Harassment, Intimidation or Bullying may range from positive behavioral interventions up to, and including, suspension or expulsion.

C. In determining appropriate action for each individual who commits an act of Harassment, Intimidation or Bullying (including a determination to engage in either non-disciplinary or disciplinary action, as described below), the Chief Administrative Officer will give the following factors full consideration:

1. The degree of harm caused by the incident(s);
2. The surrounding circumstances;
3. The nature and severity of the behavior;

4. The relationship between the parties involved; and
5. Past incidences or continuing patterns of behavior.

D. When verified acts of Harassment, Intimidation or Bullying are identified early and/or when such verified acts of such behavior do not reasonably require a disciplinary response, students may be counseled regarding the definition of Harassment, Intimidation, Bullying, its prohibition, and their duty to avoid any conduct that could be considered Harassment, Intimidation or Bullying. Peer mediation may also be used, when appropriate.

E. When acts of Harassment, Intimidation and Bullying are verified and a disciplinary response is warranted, students are subject to the full range of disciplinary consequences. Anonymous complaints that are not otherwise verified, however, will not be the basis for disciplinary action.

F. Suspension or Expulsion may be imposed, but only after the appropriate procedures have been conducted pursuant to the School's Suspension and Expulsion policy and applicable law. No disciplinary procedure will infringe on any student's rights under the first amendment to the Constitution of the United States.

G. The determination that conduct does not constitute Harassment, Intimidation or Bullying under this Policy, however, does not restrict the right of the Chief Administrative Officer or the Board or both to impose appropriate disciplinary consequences for student misconduct.

VII. Prevention and Intervention Strategies

In addition to the prompt investigation of complaints of Harassment, Intimidation, or Bullying, and direct intervention when such acts are verified, the School will consider potential strategies to protect victims from additional Harassment, Intimidation, or Bullying, and from retaliation following a report and to generally ameliorate the effects of Harassment, Intimidation, Bullying. The following potential strategies, as well as other strategies, may be considered:

1. Supervising and disciplining offending students fairly and consistently;
2. Providing adult supervision during breaks, lunch time, bathroom breaks and in the hallways during times of transition;
3. Maintaining contact with parents and guardians of all involved parties;
4. Providing counseling for the victim if assessed that it is needed;
5. Informing school personnel of the incident and instructing them to monitor the victim and the offending party for indications of harassing, intimidating, and Bullying behavior; instructing personnel to intervene when prohibited behaviors are witnessed;
6. Checking with the victim regularly to ensure that there have been no incidents of Harassment/Intimidation/Bullying or retaliation from the offender(s).
7. Responding respectfully to complaints of suspected prohibited conduct.

8. Promoting open communication regarding Harassment, Intimidation, Bullying.
9. Providing professional development and community opportunities to educate and collaborate with school personnel, parents, and community members about addressing Harassment, Intimidation, Bullying.
10. Educating students regarding Harassment, Intimidation, Bullying.
11. Creating a school atmosphere of team spirit and collaboration that promotes appropriate social behavior.
12. Avoiding sex-role stereotypes. Modeling and promoting strategies that instruct student how to work together in a collaborative and supportive atmosphere. Use of peers to help ameliorate the effects of Harassment, Intimidation, Bullying.

VIII. Semi-Annual Reporting Obligations

The Chief Administrative Officer will semi-annually provide the president of the School's Board of Directors a written summary of all reported incidents and post the summary on the School's Website, if one exists. The list will be limited to the number of verified acts of Harassment, Intimidation and Bullying, whether in the classroom, on school property, to and from school, or at school-sponsored events.

IX. Publication & Dissemination of Policy

A. This policy shall be included in the student handbook and in the publication, which sets forth the comprehensive rules, standards, and procedures regarding school conduct. The School will annually disseminate this Policy to School personnel, students, and parents.

B. To ensure school personnel are prepared to prevent and effectively intervene with incidents of Harassment, Intimidation or Bullying, the School has incorporated the information about this Policy into its employee training materials.

C. Students will be provided with age-appropriate information on the recognition and prevention of Harassment, Intimidation or Bullying, and their rights and responsibilities under this and other School policies, procedures and rules.

6.4 Prohibited Gang Activity

Students are prohibited from engaging in gang activities while at School, on School property, to or from School, or at a School related function or event, and on the Internet to the extent that School students and/or personnel are the subject of gang activity. Any student who violates this Policy will be subject to disciplinary action, up to and including expulsion from School.

The term "gang" is defined as any ongoing organization, association, or group of three or more persons, whether formal or informal, having as one of its primary activities the endorsement of or participation in one or more criminal acts, which has an identifiable name or identifying sign or symbol, and whose members individually or collectively have engaged in a pattern of criminal gang activity.

The term "gang activity" is defined as any conduct engaged in by a student:

1. On behalf of a gang;
2. To perpetrate the existence of a gang;
3. To affect the common purpose and design of any gang; or
4. To represent a gang affiliation, loyalty or membership in any way while on School grounds or while attending a School function.

These activities may include things such as recruiting students for membership in a gang and threatening or intimidating other students or staff against their own will to promote the common purpose and design of any gang.

6.5 Drug-Free School

In accordance with federal law, the School prohibits the use, possession, concealment or distribution of drugs by students on School grounds, in the School building, on School property, or at School sponsored events to ensure a Drug Free School. Drugs include alcoholic beverages, steroids, dangerous controlled substances as defined by law, or any substance that could be considered a "look alike." Any student who violates this Policy will be subject to disciplinary action, up to and including expulsion from the School.

6.6 Weapon-Free School

The School is a weapons-free School. No student, at any time, for any reason, will knowingly possess, handle, transmit, or use a weapon or any object, which can be reasonably considered a weapon, including "look alike", in or on property of the School or at any School sponsored event held away from School grounds. Any student who violates this Policy will be subject to disciplinary action, up to and including expulsion from the School.

6.7 Lost and Found

Any personal items that have been left at the School will be taken to the main office. If students find personal items that belong to others, they should turn the items into the main office as soon as possible. The School is not responsible for lost money, jewelry, or other personal items.

6.8 Backpacks, Desks, and Other Personal Storage Areas

Desks and other storage areas provided to students for their use remain the property of the School. Students by law have no expectation of privacy in any storage area assigned to them. No student shall lock or otherwise impede access to any storage area. Unapproved locks will be removed and destroyed with no compensation therefore owed to the student.

Upon authorization of the Search Team, including the Administrator or designee, backpacks, desks, other personal storage areas, and students' cars (if parked on the School's and/or the management company's property) may be searched at any time. The Search Team may at any time, with reasonable suspicion, call upon the assistance of the local police authorities to conduct a search of backpacks, desks, and other personal storage areas, and the contents contained therein as provided in the Search Policy attached as **Appendix 2**.

6.9 Medication Administration

Students needing medication are encouraged to receive such medication at home. If necessary for the School to administer any prescription or non-prescription medication the School will only do

so after receiving a written request, signed by the parent or guardian, that the medication be administered to the student. In addition, the School will not administer any medication unless it also receives a signed prescriber/physician approval containing the information listed below. The person authorized to administer the medication must receive the medication in the container in which it was dispensed by the prescriber or licensed pharmacist.

As allowed by law, students are permitted to possess and use a metered dose or dry powder asthma inhaler to alleviate or prevent asthmatic symptoms. In addition, students are permitted to carry and use an epinephrine injector to treat anaphylaxis (an intense allergic reaction) aka Epi-Pen. Written approval must be obtained from the Student's physician, and, if the Student is a minor, from the Student's Parent.

The Physician's written approval must include the following information:

- The name and address of the Student;
- The School in which the Student is enrolled;
- The name and dose of the medication contained in the inhaler or auto injector;
- The circumstances in which the auto injector should be used;
- The date the administration of the drug is to begin;
- The date the administration of the drug is to cease (if applicable);
- Acknowledgement that the prescriber has determined that the Student is capable of possessing and using the auto injector appropriately and has provided the Student with training in the proper use of the auto injector;
- Any severe adverse reactions that should be reported to the prescriber and one or more phone numbers at which the prescriber can be reached in an emergency as well as one or more phone numbers at which the Parent, Guardian or other person having care or charge of the Student can be reached in an emergency;
- Special instructions for administration of the drug by the Student
- Written instructions outlining procedures school employees should follow in the event the Student is unable to administer the medication or the medication does not provide adequate relief;
- A list of adverse reactions that may occur to a child for whom the medication was not intended who uses the medication; and
- And any other special instructions.

The School must have the above stated documentation provided by the physician and Parent or guardian if the Student is a minor in order to allow a student to use an asthma inhaler or epinephrine auto injector. The parent, guardian or other person having care or charge of the student must submit a revised statement signed by the prescriber if any of the information originally provided to the school changes.

The School has adopted a separate policy regarding the care of diabetic students. If a student is diabetic the student/Parent should notify the School Administrator.

6.10 Confidentiality of Records

At the School we take student records and their confidentiality very seriously and have a policy of not disclosing any student records to anyone outside of the School except in strict accordance with state and federal law. Records of students are only released to another school upon request from that school or from a signed release by the parent/guardian or as otherwise required by law.

6.11 Student Directory Information

A Student's "Directory Information" may consist of the following as defined by State and Federal law:

- Name
- Address
- Telephone listing
- Electronic mail address
- Date and place of birth
- Major field of study
- Grade level
- Participation in officially recognized activities and sports
- Weight and height of members of athletic teams
- Dates of attendance
- Date of graduation
- Awards received

The School has not designated any personally identifiable information as directory information and will not include such information in school publications, recognition lists, programs or student directories or give such information to third parties without parental consent or as otherwise required by law (such as military recruiters, etc.).

6.12 Audio-Visual Information

The School recognizes the value of audio-visual and other types of electronic communication in providing our students with an effective education. In communicating our school-related activities, opportunities exist to photograph and/or videotape students and their work in a variety of activities. However, individual student records (academic, behavioral) will not be disclosed. Communications may include School newsletters, local newspapers, community access cable channel, school-sponsored web pages, marketing materials and other publications. Highlighting the achievements and celebrating student successes in our schools is an integral part of the reporting responsibility to the community.

However, we will respect your wish for privacy in this area. Please call the School should you have any questions or concerns. You may also notify the School in writing if you prefer that we do not use your student's name, picture and/or work product for presentations or other uses.

6.13 Release of Student Records

The Family Educational Rights and Privacy Act (FERPA) affords parents and students who are 18 years of age or older ("eligible students") certain rights with respect to the student's education records. These rights are:

1. The right to inspect and review the student's education records within 45 days of the day the School receives a request for access. Parents or eligible students should submit to the School principal [or appropriate school official] a written request that identifies the record(s) they wish to inspect. The School official will decide for access and notify the parent or eligible student of the time and place where the records may be inspected. If copies are requested, the School may charge the requesting party reasonable copying

costs. Parents/Guardians and Students possess the right to request and receive from the School the following: (1) an explanation of information in the student's education records; (2) a copy of all or part of the student's education record; and (3) a list of the types and locations of the student's education records collected, maintained, or utilized by the School.

2. The right to request the amendment of the student's education records that the parent or eligible student believes are inaccurate or misleading. Parents or eligible students may ask the School to amend a record that they believe is inaccurate or misleading. They should write the School principal [or appropriate official], clearly identify the part of the record they want changed, and specify why it is inaccurate or misleading. If the School decides not to amend the record as requested by the parent or eligible student, the School will notify the parent or eligible student of the decision and advise them of their right to a hearing regarding the request for amendment. Additional information regarding the hearing procedures will be provided to the parent or eligible student when notified of the right to a hearing.

3. The right to consent to disclosures of personally identifiable information contained in the student's education records, except to the extent that FERPA authorizes disclosure without consent. One exception, which permits disclosure without consent, is disclosure to school officials with legitimate educational interests. A school official is a person employed, contracted, or volunteering at the School in an administrative, supervisory, academic or support staff position, including but not limited to, school employees (whether employed directly by the Board or by a third party on behalf of the Board); a member of the school law enforcement unit; a person with whom the School has contracted to perform a special task (i.e. Attorney, auditor, outside consultant); a person serving on the Board. A School official has a "legitimate educational interest" in an education record when the official needs to review the record in order to fulfill his or her responsibility on behalf of the School, such as when the official is performing a task that is specified in his or her job description or by a contract agreement or other official appointment; performing a task related to a student's education; performing a task related to the discipline of a student; or providing a service or benefit relating to the student or student's family, such as health care, counseling, assisting with the college application procedure; any other purpose that the Board deems necessary as related to a student's education. Upon request, the School discloses education records without consent to officials of another school or school district in which a student seeks or intends to enroll.

4. The right to file a complaint with the U.S. Department of Education concerning alleged failures by the School to comply with the requirements of FERPA. The name and address of the Office that administers FERPA are:

Family Policy Compliance Office
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202-5901

5. The school intends to forward any and all education records to another school or post-secondary institution at which the students seeks or intends to enroll, upon the condition that the student's parents be notified of the transfer, receive a copy if so desired, and have an opportunity for a hearing to challenge the content of the record.

Student Directory Information

The Family Educational Rights and Privacy Act of 1974 (FERPA) protects the privacy of students' education records and it is the School's policy not to release student records without the consent of the parent or guardian or as otherwise required by law. However, if the School designates information as directory information, FERPA allows the release of student directory information unless the student's parent(s)/guardian(s) inform the School in writing not to release such information. The School notifies parents and students which information it has designated as directory information annually through the parent/student handbook.

Access by Military Recruiters/Institutions of Higher Education

Two federal laws require the School to provide military recruiters, upon request, with student names, addresses and telephone listings, unless parents have advised the School that they do not want their student's information disclosed without their prior written consent. Similarly, state law requires the School to provide military recruiters, upon request, with the names and addresses of students in grades ten through twelve, unless parents have advised the School that they do not want such information disclosed.

6.14 Non-Custodial Parent Records Access and Release

The School will only give access to or release records to parents who have a legal right to the records of their child. If a parent has ever been to court for custody, those court documents must be on file with the School. Both custodial and non-custodial parents have equal access to the following unless there is a court order to the contrary:

- Cumulative file (including the Enrollment file, Academic file, Vocational file, Title One file, and Graduation file);
- Health records;
- Psychological records;
- Parent conferences and lab observations.

Only the custodial parent can have access to Due Process where the child is classified as being handicapped and only the custodial parent can make decisions about the child.

Students over the age of eighteen (18) may deny the disclosure of school records to parents or guardians.

The stepparent does not have access to the stepchild's records unless the stepparent has adopted the child, the natural parent has given power of attorney, or the natural parent himself/herself shows the record to the stepparent.

The School, Parent and Non-Custodial parent must act in accordance with the Board of Director's Student Records Policy when addressing student records issues.

6.15 Protection of Pupil Rights Amendment (PPRA) Notification

Description of Intent

The School follows a philosophy of continuous improvement and honest, objective data analysis. This philosophy requires well-planned and sometimes independent research efforts to determine the effectiveness of the School's programs and strategies. From time to time, the School will collect and analyze student performance data and various measures of effectiveness. In addition, families may be asked to participate in surveys or focus groups. Such research shall always be undertaken ensuring student privacy is protected and in compliance with the PPRA. For example, the names of the student, Parent/Guardian, and family members will not be revealed, and results will only be reported in the aggregate or by sub-groupings of sufficient size so that anonymity of the participants is safeguarded.

Rights Afforded by the PPRA

The PPRA affords emancipated minors and students of age eighteen (18) and older (Eligible Students) and Parent/Guardians of minors' certain rights regarding the School's conduct of surveys, collection and use of information for marketing purposes, and conduct of certain physical exams. These rights include the following:

- The right to provide consent before students is required to submit to a survey that concerns one or more protected areas ("Protected Information Survey") if the survey is funded in whole or in part by a program of the U.S. Department of Education. Protected areas include the following:

    1. political affiliations or beliefs of the student or student's parent
    2. mental or psychological problems of the student or student's family
    3. sex behavior or attitudes
    4. illegal, antisocial, self-incriminating, or demeaning behavior
    5. critical appraisals of others with whom respondents have close family relationships
    6. legally recognized privileged relationships, such as with lawyers, doctors, or clergy
    7. religious practices, affiliations, or beliefs of the student or Parent/Guardian
    8. income, other than as required by law to determine program eligibility

- The right to receive notice and an opportunity to opt a student out of the following*:*

    1. any other Protected Information Survey, regardless of funding
    2. any nonemergency, invasive physical exam or screening required as a condition of attendance, administered by the School or its agent, and not necessary to protect the immediate health and safety of a student, except for hearing, vision, or scoliosis screenings, or any physical exam or screening permitted or required under state law

3. activities involving collection, disclosure, or use of personal information obtained from students for marketing or to sell or otherwise distribute the information to others

- The right to inspect, upon request and before administration or use, of the following:
    1. Protected Information Surveys of students
    2. instruments used to collect personal information from students for any of the above marketing, sales, or other distribution purposes
    3. instructional material used as part of the educational curriculum

These rights transfer from the Parent/Guardian to the student if the student is eighteen (18) years old or is an emancipated minor under state law or by court order.

Notification Procedures

The School will work to develop and adopt policies regarding these rights in consultation with Parent/Guardian. The School will also work to decide to protect student privacy in the administration of Protected Information Surveys and the collection, disclosure, or use of personal information for marketing, sales, or other distribution purposes.

The School will directly notify the Parent/Guardian of these policies annually in this PPRA Notice or after any substantive changes. The School will also directly notify by U.S. mail, e-mail, or other reasonably available method Parent/Guardians of students who are scheduled to participate in the specific activities or surveys described in this PPRA Notice and will provide an opportunity for the Parent/Guardian to opt students out of participation of the specific activity or survey. The School will make this notification to Parent/Guardian near the beginning of the school year if it has identified the specific or approximate dates of the activities or surveys at that time. For surveys and activities scheduled after the school year starts, the Parent/Guardian will be provided reasonable notification of the planned activities and surveys covered by the PPRA and will be provided an opportunity to opt their students out of such activities and surveys. The Parent/Guardian will also be provided an opportunity to review any pertinent surveys. The following is a list of the specific activities and surveys covered under this requirement:

- collection, disclosure, or use of personal information for marketing, sales or other distribution
- administration of any Protected Information Survey funded in whole or in part by U.S. Department of Education
- any nonemergency, invasive physical examination, or screening as described above in the Rights Afforded by the PPRA

Where a Student is scheduled to participate in these activities, the Student will be notified as described above.

Reporting a Violation

The Parent/Guardian or Student who believes their rights have been violated may file a complaint to the following:

Family Policy Compliance Office
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202-5901

VII. Child Find

The School is participating in an effort to assist the State in identifying, locating, and evaluating all children who may have disabilities that may be hindering their ability to receive FAPE (Free and Appropriate Public Education).

School districts across the State are also participating in this effort to identify disabilities such as autism, deaf-blindness, hearing impairment, including deafness, mental retardation, multiple disabilities, orthopedic impairment, other health impairment, traumatic brain injury, and/or visual impairment including blindness.

We are committed to affording all children their right to a free and appropriate education, regardless of any disability a child may have. However, in order to accomplish this, we must know that a need is present.

Parents, guardians, relatives, public and private agency employees, and concerned citizens are used to help schools find any child, birth through age 21, who may have a disability and need special education and related services. If you are aware of a child who may have special needs, please notify the School's Administrator.

The School will contact the parents or guardians of the child to find out if the child needs to be evaluated. Free testing is available to families to determine whether or not a special need exists. If a need is identified, the child can begin receiving special education and related services.

7.1 Positive Behavior and Interventions Support

The Board of Directors ("Board") has adopted a policy to guide the use of Positive Behavior Interventions and Supports (PBIS), and the limited use of restraint and seclusion at the School. It is the Board's belief that every effort should be made to prevent the need for the use of restraint and for the use of seclusion. The use of a non-aversive effective behavioral system such as PBIS shall be used to create a learning environment that promotes the use of evidence-based behavioral interventions, thus enhancing academic and social behavioral outcomes for all students.

Restraint or seclusion shall not occur, except when there is an immediate risk of physical harm to the student or others, and shall occur only in a manner that protects the safety of all children and adults at school. Every use of restraint or seclusion shall be documented and reported in accordance with the Board adopted policy.

The PBIS prevention-oriented framework or approach applies to all students, all staff, and all settings. Research supports the conclusion that PBIS, when integrated with effective academic instruction, provides the support students need to become actively engaged in their own learning and academic success.

7.2 Child Abuse and Neglect

Because of their sustained contact with school-age children, teachers and other employees are in a position to identify abused or neglected children.

Every School official, School employee, or employee assigned to the School who knows or has reasonable cause to suspect based on facts that would cause a person in a similar position to suspect, that a student under eighteen years of age (or a mentally retarded, developmentally disabled, or physically impaired student under twenty-one (21) years of age) has suffered or faces a threat of suffering any physical or mental wound, injury, disability, or condition of a nature that reasonably indicates abuse or neglect of the student, shall immediately report that knowledge or suspicion, by telephone or in person, to the public Children's Services Agency or local law enforcement agency. S/He shall also notify the School Administrator or his/her designee.

7.3 Crisis Management

A school wide Safety/Crisis Plan has been developed and provided to school personnel for assisting and responding to various crisis/emergency situations. In the event of a manmade or natural crisis, your cooperation is needed. Staff is trained to move students to a designated evacuation site. PLEASE DO NOT CALL THE SCHOOL DIRECTLY. Calling the school may limit the availability of telephone lines needed to access emergency rescue services. Initial notification to Parents will be through local television and radio stations. Once students are secure and safe, school personnel will contact parents with sign out procedures via automatic telephone and/or text messages. Students will only be released to parents or individuals listed on their emergency contact forms.

VIII. Parent's Right to Know Teacher Qualifications

A parent or guardian may request information on the professional qualifications of each classroom teacher.

- Whether the teacher has met State qualification and licensing criteria for the grade levels and subject areas in which the teacher provides instruction;
- Whether the teacher is teaching under emergency or other provisional status through which State qualification or licensing criteria have been waived;
- Whether the teacher is teaching in the field of discipline of the certification of the teacher; and
- Whether your child is provided services by paraprofessionals and, if so, their qualifications.

IX. Parent Involvement Policy

The School recognizes that the involvement of parents (hereinafter including guardians/caretakers/foster caregivers) and families in their children's education is critical to students' success. In order to accomplish the goal of welcoming, encouraging, and promoting parental/family involvement, the School shall:

1. Create a welcoming school climate.
    - Provide a welcome packet for all parents visiting the school, including important school contact information, school calendar and information about the vision and mission of the school.
    - Have teachers make personal contacts with families through e-mail, phone calls or home visits.

- Hold an open house, prior to school opening, at which families can meet their children's teachers, tour the school building and meet other families.

2. Provide families information related to child development and creating supportive learning environments.

    - Provide information for parents on typical development and appropriate parent and school expectations for various age groups.
    - Print suggestions for parents on home conditions and activities that support learning at each grade level.
    - Partner with local agencies to provide resources to families.

3. Establish effective school-to-home and home-to-school communication.

    - Provide information for parents on homework policies and on monitoring and supporting student work at home.
    - Send home student work for parent review and comment.
    - Allow access so families can frequently monitor their children's progress.
    - Clearly communicate school policies to all families.
    - Establish formal mechanisms for families to communicate to administrators and teachers as needed (e.g., phone numbers, e-mail addresses, weekly hours for families to call or meet).
    - Create a "suggestion or comment" box (electronic or onsite) for families to anonymously provide their questions, concerns and recommendations.

4. Strengthen families' knowledge and skills to support and extend their children's learning at home and in the community.

    - Provide training and materials for parents on how to improve children's study skills or learning in various academic subjects.
    - Make regular homework assignments that require students to discuss with their families what they are learning in class.
    - Provide information on community resources and activities that link to student learning skills and talents, including summer programs for students.
    - Inform families of the high expectations and standards children are expected to meet in each grade level. Provide ways for families to support the expectations and learning at home.
    - Engage families in opportunities to work with their children in setting their annual academic and career goals.

5. Engage families in school planning, leadership and meaningful volunteer opportunities.

    - Invite parents to be involved at the School, including Title One planning.
    - Identify family volunteer interests, talents and availability, matching these resources to school programs and staff-support needs.
      (Recurring volunteers will be required to comply with background check policies of the School.)
    - Create volunteer recognition activities such as events, certificates and thank-you cards.
    - Host events which encourage interaction among parents.

6. Connect students and families to community resources that strengthen and support students' learning and well-being.

    - Through school-community partnerships, facilitate families' access to community-based programs (e.g., health care and human services) to ensure that families have resources to be involved in their children's education.
    - Establish school-business partnerships to provide students mentoring, internships and onsite, experiential learning opportunities.
    - Connect students and families to service-learning projects in the community.
    - Invite community partners to share resources at annual open houses or parent-teacher conferences.

X. Complaint Procedure

A student or parent may file a written complaint that should be submitted to a teacher or the Administrator. If the matter cannot be resolved informally by the Teacher and/or Administrator, the steps in resolving the complaint should adhere to the Governing Board's Complaint Policy and Procedures.

Initially, complaints should be addressed formally or informally with the School personnel in a civil, respectful manner in order to be considered by School personnel. To file a complaint with the Administrator, the Complaint must be in writing on a form developed by the Administrator with the facts and specific outcome desired by the parent/guardian.

Complaints received directly by the Board, Sponsor or Department of Education shall be handled in accordance with the Board's Complaint Policy and Procedure.

Upon resolution of the Complaint, the Administrator will issue a letter to the Complainant referred to as a "Finding." The Finding will officially inform the Complainant that his or her Complaint was either Substantiated or Unsubstantiated.

An Unsubstantiated Finding means: Compliance – (findings were unsubstantiated and the School has complied).

A Substantiated Finding means: Non-Compliance – (noting the areas of non-compliance, recommending possible changes/technical assistance and statement that the School will respond to Complainant with a corrective action(s) plan letter within 10-15 business days)

All documentation of the Complaint, findings and any corrective action(s) plan will be placed in the appropriately marked complaint file for closure.

XI. Work Permit Policy

A critical component of the School Education Model is the employability skills training and employment of our students. Pursuant to State Law, any student who is a minor, at least sixteen years old and who desires to work may do so through a validly issued Age and Schooling Certificate (work permit). The Department of Commerce, Division of Labor and Worker Safety Wage and Hour (hereinafter referred to as "Wage and Hour") has granted to the School the authority to issue and revoke such Age and Schooling Certificates for its students. For information about obtaining an Age and Schooling Certificate contact the School office.

It is important to note that the Age and Schooling Certificate issued to the student is employment and employer specific, and as such, a new Application and Age and Schooling Certificate must be submitted and procured respectively for each new different employment opportunity of the student. In addition, at the termination of any previous employment relationship, the School must secure the return of the employer's original Age and Schooling Certificate and a reason for termination which when obtained shall be kept in the student's file at the School.

The right of a student to work does not come without responsibility. Vocational training and working are an integral part of the School's educational program; however, academics always come first and a student's employment should never harm his/her educational advancement. The School reserves the right to revoke the student's Age and Schooling Certificate if: the student's academic achievement falls below an acceptable level; the student does not meet the minimum attendance requirement of the School; the student violates the School's Parent/Student Handbook, Code of Conduct, or other School rules, regulations, policies and/or procedures; or the Administrator believes that the employment represented by the Age and Schooling Certificate is jeopardizing the student's education.

XII. Internet Safety Policy

As more fully set forth in the School's Internet Safety Policy (please refer to the Board Policy Manual for more information on this policy), the use of technology is a privilege and an important part of the School's overall curriculum. The School will, from time to time, make determinations on whether specific uses of technology are consistent with School policies for students and employees of the School but does not warrant that the technology resources will meet any specific requirements of the student or other users, or that it will be error free or uninterrupted.

By signing the Parent/Student Contract Page at the end of the Parent/Student Handbook, the parent and student agree:

- To abide by all School policies relating to the use of technology;
- To release all School personnel from any and all claims of any nature arising from the use or inability to use the technology;
- That the use of technology is a privilege; and
- That use of the technology will be monitored and there is no expectation of privacy whatsoever in any use of the technology.

The parent/student further agrees and understands that the user may have his/her privileges revoked or other disciplinary actions taken against them for actions and/or misuse such as, but not limited to, the following:

- Altering system technology, including but not limited to, software or hardware;
- Placing unauthorized information, computer viruses or harmful programs on or through the computer system in either public or private files or messages;
- Obtaining, viewing, downloading, transmitting, disseminating or otherwise gaining access to or disclosing materials the School believes may be unlawful, obscene, pornographic, abusive, or otherwise objectionable;
- Using technology resources for commercial, political, or other unauthorized purposes since the School technology resources are intended only for educational use;

- Intentionally seeking information on, obtaining copies of, or modifying files, other data, or passwords belonging to other users;
- Disrupting technology through abuse of the technology, including but not limited to, hardware or software;
- Malicious uses of technology through hate mail, harassment, bullying by electronic means, profanity, vulgar statements, or discriminating remarks;
- Interfering with others' use of technology;
- Installation of software without consent of the School;
- Allowing anyone else to use an account other than the account holder; and
- Other unlawful or inappropriate behavior.

The parent and student also acknowledge and agree that he/she is solely responsible for the use of his/her accounts, passwords, and/or access privileges, and that misuse of such may result in appropriate disciplinary actions (including but not limited to suspension or expulsion), loss of access privileges, and/or appropriate legal action.

The parent and student must also know and further agree that:

- Should the user transfer a file, shareware, or software that infects the technology resources with a virus and causes damage, the user will be liable for any and all repair costs;
- The user will be liable to pay the cost or fee of any file, shareware, or software transferred or downloaded, whether intentional or accidental;
- Should the user intentionally destroy information or equipment that causes damage to technology resources, the user(s) will be liable for any and all costs; and
- Violation of this Internet Safety Policy is also a violation of the School Code of Conduct and may result in any other disciplinary action, other than those specifically set forth above, including but not limited to suspension or expulsion.

XIII. Wellness Statement

With the passing of the Child Nutrition and Women, Infants, and Children (WIC) Reauthorization Act of 2004 and the Healthy, Hunger-Free Kids Act of 2010 by Congress, the School recognized the role it can play in building nutrition knowledge and skills in students to promote healthy eating and physical activity choices. This law required local education agencies participating in a program authorized by the National School Lunch Act or the Child Nutrition Act of 1966 to develop a local wellness policy. The passing of the Healthy, Hunger-Free Kids Act of 2010 added provisions to expand upon the previous local wellness policy requirement of the 2004 Act. The School supports student health and wellness.

XIV. Non-Discrimination and Title IX/Section 504 Notice

The School does not discriminate on the basis of race, color, national origin, sex, sexual orientation, gender identity, disability or age in its programs. The following staff members have been designated to handle inquiries regarding non-discrimination policies, and can advise you on the specific civil rights grievance procedure.

Title IX Coordinator
Director of Human Resources

c/o Fusion Ed High School
121 S. Main St. Suite 200
Akron, OH 44308
330-535-6868
Section 504 Coordinator
Director of Student Services/Special Education
c/o Fusion Ed High School
121 S. Main St. Suite 200
Akron, OH 44308
330-535-6868

XV. Homeless Policy

Children who meet the Federal definition of "homeless" will be provided a free and appropriate public education in the same manner as all other students of the School. To that end, homeless students will not be stigmatized or segregated on the basis of their status as homeless and will be assigned to the school serving those non-homeless students residing in the area in which the homeless child is actually living. Pursuant to the School's open enrollment policy, any homeless child in the State is eligible to attend the School. No homeless student will be denied enrollment based on a lack of proof of residency. No Board policy, administrative guidelines, or practice will be interpreted or applied in such a way as to inhibit the enrollment attendance, or school success of homeless children.

Homeless students will be provided services comparable to other students in the School including:

A. transportation;

B. educational services for which the homeless student meets eligibility criteria including services provided under Title I of the Elementary and Secondary Education Act or similar State and local programs, educational programs for children with disabilities, and educational programs for students with limited English proficiency;

C. programs in vocational and technical education;

D. programs for gifts and talented students; and

E. school nutrition programs

McKinney-Vento Homeless Children and Youth Program Overview

The Administrator of the School shall serve as the School's local liaison for homeless children and youth. To the extent that the School receives assistance from the Federal Program for Education for Homeless Children and Youth, it shall comply with requirements to coordinate services for homeless students with local social service agencies and programs, including those funded under the Runaway and Homeless Youth Act. The complete Homeless Student Policy may be obtained by request.

XVI. Missing Child Policy

The School shall notify a student's parents, parent who is the residential parent and custodian, guardian, legal custodian, or any other person responsible for the student within a reasonable time after the determination that the student is absent from school.

The student's parents, parent who is the residential parent and custodian, guardian, legal custodian, or any other person responsible for the student shall provide to the School a current address and telephone number at which said person or persons can receive notice that the student is absent from School.

A student, at the time of initial entry into school, shall present to the person in charge of admission an official copy of a birth certificate, or a comparable certificate or certification issued pursuant to State law, and copies of those records pertaining to him/her which were maintained by the school which he/she most recently attended.

If the student does not present copies of his/her previous school records within 24 hours of entry to the School, the Administrator or his/her designee shall call the school from which the student transferred and request the information. If that district has no record on file of the student or if that district does not send the records within 14 days of the date of request the Administrator shall notify the police department having jurisdiction in the area where the student resides of the possibility that the student might be a missing child.

The primary responsibility for supervision of a student resides with his/her parent(s)/guardian(s). The staff provides as much assistance as is reasonable to parents/guardians with this responsibility.

Informational programs for students, parents, and community members relative to missing children issues and matters are available from the Administrator or his/her designee, including information regarding the fingerprinting program. The Administrator or his/her designee's informational programs are based on assistance and materials provided by the Attorney General's missing child education program.

FUSION ED HIGH SCHOOL

XVII. Parent/Student Handbook Contract

2019-2020

Student's Name:

_____

Parent/Guardian's Name:

_____

(If student is under 18 years of age)

I/We have read and understood all of the information contained in the Parent/Student Handbook. I/We agree to abide by and support the School's rules and regulations, **INCLUDING THE CODE OF CONDUCT AND ALL OTHER POLICIES**, as outlined in the Parent/Student Handbook.

We recognize that although this Parent/Student Handbook reflects the current policies of the School, it may be necessary to make changes from time to time to best serve the needs of the School and its students.

Agreed by:

_____

Student's Signature Date

_____

Parent/Guardian's Signature (if student is under 18 years of age) Date

This agreement will be placed into the student's file.

*****Not receiving this signed Agreement will be considered cause for student dismissal. *****

FUSION ED HIGH SCHOOL
Media Release

XVIII. STUDENT INFORMATION FORM

TO BE COMPLETED BY PARENT, GUARDIAN or ADULT STUDENT:

Please print clearly:

_____ _____
Name of Participating Student Age

_____
School

_____ _____
City/Town/Zip Grade

I/We understand that as part of our child's/my attendance at the School, photos, videos, and quotations may be taken for use in publications and reports about the program. I/We further understand that members of the news media invited to cover the program may take photos, videos and quotations.

I/We grant permission to the School and its Governing Authority, Management Company, Sponsor, employees, agents and representatives to use such materials for the promotion of the program and to use this student's name, photographic likeness, alone or in a group, in any publication, document, TV production, video or to release said name or likeness to any media outlets including, but not limited to, newspapers, magazines or TV stations for publicity and/or recognition purposes and/or to use this student's name and/or photographic likeness, alone or in a group, on the official web site of the School and/or Management Company.

I agree that I and/or my child shall have no right, title, or interest in any photo or videotape covered by this agreement and waive any right to compensation for such use. I release the School, its Board members, the Management Company, Sponsor, employees, agents, representatives and all organizations and individuals related to the School from any and all liabilities or damages that result from the use of this student's name and/or photographic likeness as described above.

_____ _____
Signature of Parent or Guardian Date

PLEASE FILL OUT THIS FORM CLEARLY AND COMPLETELY.

PLEASE RETURN THIS FORM TO THE SCHOOL.

ATTACHMENT 7 – COMMUNITY OUTREACH AND MARKETING SCHEDULE

Fusion Ed High School
Community Outreach & Partnerships Template

Name of Organization	Representative from Organization	Address, phone number and email address	Nature of the partnership with the school
Greater Indianapolis Metro Chamber of Commerce	Jeannie Hurley	111 Monument Circle, Indianapolis, IN 46204 317-464-2200	Discussions with Jeannie Hurley regarding membership, which is important from a business and educational connection, partnership and advocacy standpoint in Indianapolis.
Teach for America	Mark Hazelgrove	1630 N Meridian St, Indianapolis, IN 46202 (804)380-6860	FEHS is interested in using Teach for America teachers and in furthering conversations with Mark Hazelgrove, who oversees the talent team, regarding the process of engagement to establish teachers for year one.
Bookkeeping Plus	Beth A. Marsh, CEO	232 E McClarnon Dr., Greenfield, IN 46140 (317)462-2049	An experienced accounting firm that is working with over 40 charter schools, and is knowledgeable and informed of Indiana finance and reporting requirements. Beth Marsh has provided guidance and information regarding FEHS financial projections and requirements.
United Way of Central Indiana	Annie Smith, Program Coordinator, Youth as Resources	Annie Smith 2955 N Meridian St., #300, Indianapolis, IN 46208, 317-923-1466	FEHS knows that United Way is a key partner in the community. Board connection is working to ensure the School is a partner to United Way services and students at the school have access to United Way programming.
Urban League of Indianapolis	Kimberly Simmons, Senior Director of Workforce Development	Sam H Jones Center 777 Indiana Avenue Indianapolis, IN 46202 (317)693-7641	FEHS is interested in collaboration with the Urban League's workforce development efforts in the local community.
Fall Creek Counseling	Pauleetta Whittaker	Fall Creek Counseling 2525 Shadeland Indianapolis, IN 46219 (317)375-1901	Fall Creek offers counseling services to the local community. A partnership with local providers is beneficial to the student population.
Women's Resource Center	Megan Langlais	312 E Main Street, Greenfield, IN 317-477-1959	FEHS is interested in collaboration with the Women's Resource Center for mentoring, guidance and connection to self-sufficiency programs and services
Bose McKinney & Evans	Attorney Tony Setzer	111 Monument Circle, Suite 2700	Meetings have been held to discuss possible representation for real estate and financing

		Indianapolis, Indiana 46204 (317)684-5000	issues.
East Washington Street Partnership	Joe Bowling, Executive Director	57 N. Rural Street Indianapolis, IN 46201 (317)496-2662 joe.englewood@gmail.com	This group is revitalizing the Washington St. Corridor. Discussions are being held to implement a high school career tech school east on Washington Street.
CB Richard Ellis	Gordon Hendry First Vice President, Public Institutions and Education Group	101 W. Washington St. Suite 1000 East Indianapolis , IN 46204 (317)269-1183	As a real estate partner, CB Richard Ellis is providing school location opportunities and demographic information as well as counsel on comparable lease rates and availability options.
The Mind Trust	Kristin Grimme	WFYI building , 1630 North Meridian St, Indianapolis, IN 46202 pherrel@themindtrust.org (317)822-8102	Fusion Ed is interested in working with The Mind Trust to further discuss their leadership fellowship and funding opportunities for Fusion Ed High School in Indianapolis.
IFF	Bryan Conn, Senior Project Manager	202 E. Market St. The Platform Indianapolis, IN 46204 (317)454-8530	Bryan Conn has provided a detailed demographic study plotting current areas of service gap throughout the city, which has guided Fusion Ed High School's search with CB Richard Ellis for facilities.

Fusion Ed High School
Community Outreach and Marketing Schedule

Marketing and Promotions Schedule

Category	Estimated Quantity	Notes
Advertising		
Postcards Mailed	25,000	
Print Materials Postcards Brochures Folders Door hangers Flyer Inserts Banners	7,000 + promotional pieces to be distributed: 2000 1000 1000 1500 2500 10	
Newspapers / Magazines Ads	2	Advertisements/ Announcements
Billboards, bus stop ads, transit bus	2	Billboard ads
Radio Media, Pandora Advertisements	2	Radio spot ads
Telephone Robo-Calls	10,000	Call-em-all phone call ads to homes throughout the community
Display Holders Display Boards Display Wheels	200 300 100	Display products to be used for Open Houses and community events
Web-based marketing, social media messaging, email marketing	Target based ads, pay per click	Research based, target population to increase leads and to assist with grass roots efforts
Promotions		
Promotional Product #1	1,000	Customized Ink Pens
Promotional Product #2	500	Promo T-Shirts
Promotional Product #3	1,000	Stadium Cups
Promotional Product #4	500	Yard Signs
Promotional Product #5	5,000	Candy
Promotional Product #6	299	Misc. Prizes

Fusion Ed High School

Community Outreach Plan

Task	Purpose	Date	Team
Meet with key leaders	Introduce FEHS to leaders and create partnerships	July / August 2018	Founding Team
Attend community meetings/events	Introduce FEHS at community meetings and also learn about the surrounding communities	August/September 2018	Founding Team
Visit Resource/Community Centers	Create a partnership with local centers that can provide resources for FEHS families and can generate prospective students	August/September 2018	Founding Team
Round Table-Key Leaders	Meet with key leaders to discuss how FEHS can serve the community	August/September 2018	Founding Team
Meet with local businesses	Introduce FEHS and create partnership for future opportunities	August/September 2018	Founding Team
Visit local churches	Introduce FEHS to religious communities and create a partnership to impact the community	August/September 2018	Founding Team
Open House	Invite key leaders from Indianapolis to Ohio	October/November 2018	Founding Team
Parent Orientations	Host monthly orientations for prospective families	February – July 2019	School Leadership Team
Leaders Celebration	Celebrate community key leaders and provide an award for service.	April / May 2019	School Leadership Team
Canvassing	School Leadership Team travels door-to-door in key neighborhoods to share school information and enroll students	April-July 2019 2 days per week, every week	School Leadership Team
Invitation Day	Local community centers and programs are invited to the school to meet teachers and staff, and learn more about the school and education model	May 2019	Founding & School Leadership Team / Teachers / Staff
Community Fun Day	Host a community celebration to announce the opening of FEHS	June 2019	School Leadership Team
School Walk-Through	FEHS is open for school walk-through	July 2019	Founding & School Leadership Team

Attachment 7_ Community Partners

Career Technical Education Partners. Key to the implementation of a successful CTE program is our partners that provide curriculum as well as hands-on experiential training.

DevMountain. DevMountain is an industry-leading coding school will offer courses in Web and Digital Communications and Visual Arts. They offer full-time or part-time coding bootcamps. In addition to being utilized as a provider of the above listed courses, the company also offers information technology courses that will allow FEHS to conveniently utilize DevMountain services to expand upon its CTE offerings in the future. One or more FEHS staff members will be trained to teach the coding course, including web design. DevMountain's curriculum will be used to teach students.

ProTrain. ProTrain provides classroom or online Education 2 Employment courses. FEHS will utilize ProTrain for Pharmacy Technician, Information Technology, and PC Networking and Support courses. However, FEHS will consider utilizing ProTrain to expand its CTE offerings due to the organization's depth and breadth of educational offered including 44 courses in Healthcare and Allied Health, 38 courses in Education and Personal Development, 24 courses in Industry and Skilled Trades, 20 courses in Multimedia and Graphic Design, and 88 courses in Technology and Computer Programs.

RightSkill. RightSkill is collaboration between CareerBuilder and Capella Learning Solutions that uses real-time labor data and competency-based education to design RightSkill learning experiences directly aligned to bridge talent gaps. FEHS may utilize RSN for its Customer Service and Technical Support initial training courses.

Cdastars. FEHS will utilize CDASTARS to provide online curriculum for the Education & Early Childhood course. When a student signs up for this online program, they take the 120 hours of coursework and they complete on-site work experience for 480 hours. Once a student signs up for this pathway, they can start the online class, and FEHS works to establish the partners with local childcare programs for the internship hours needed to apply for CDA license.

Youthbuild. YouthBuild programs train young people to learn construction skills through building affordable housing for homeless and low-income people in their neighborhoods and other community assets such as schools, playgrounds, and community centers. FEHS is currently investigating utilizing Youthbuild to provide training in Construction and Logistics and Supply Chain Management.

FIT Technologies. https://www.fittechnologies.com/ is a partner who provides on-site tech support for the schools and works with students in this pathway so they can gain experience and learn to support the school for tech needs, gaining valuable information

PSI. PSI is an award winning organization that has provides special education and health needs to students. The program will implement best practices that help students become proficient in English. PSI will provide the formal and informal English Language Assessments that assess skills (listening, speaking, reading, and writing) of ELLs throughout the school year. PSI provides assessments of the strengths and weaknesses of each student to the school personnel for Individual Education Plan planning. PSI collaborates with the school teachers and the Intervention Specialist to better serve the needs of the student.

bookkeeping plus
balancing the changes in your business

August 9, 2018

Yvonne Adkins
Governmental Relations and Strategic Partnerships
www.fusion-ed.com
yvonne@adkinsandcompany.com

Dear Yvonne,

It is my pleasure to write this letter in support of the planned Fusion Ed High School in Indianapolis. It is also a responsibility that I take very seriously, given what I see as the importance of offering quality educational alternatives to our youth.

When Indiana passed a new law in 2003 authorizing charter schools in Indiana, I immediately became involved in developing an accounting methodology for charter schools and offering my services. Over the last 15 years, I have had the opportunity to work with scores of new and continuing charter schools in every corner of the state. As an accountant, I consider the chance to provide bookkeeping and accounting services to the students and staff of these schools as some of the most rewarding work I do.

I have observed firsthand the extent to which charter schools such as Fusion can make all the difference in a student's life. This is even more important when the school is providing at-risk students with a much-needed opportunity to stay in school—and succeed. I believe Fusion has outlined a very practical, very feasible, and very creative approach to providing these students with an effective combination of educational knowledge and career skills.

I am excited for Fusion, not just for the students but also for the community as a whole. The benefits begin with keeping students in school and providing them with employable skills, but in my experience the ripple effect to the neighborhood and the community will extend far beyond that. I would encourage others to support this new charter school, and I pledge to lend my best efforts as an accountant and consultant to ensure the school's success.

Please feel free to contact me if you have any questions. Thank you again for the opportunity to be a part of this exciting project.

Sincerely,

Beth Marsh
Chief Executive Officer
BethM@BookPlusInc.com

Fall Creek Counseling, Inc.

Helping People to reach their Potential

August 15, 2018
Pauleetta L. Whittaker MS, LMHCA
Re: Fusion Ed High School

To whom this may Concern,

Fusion ED high school is a program that is reaching out to the community for at risk children who may not be able to go to a tradition high school based on their circumstances. I believe that Fusion ED high school will be a great resource for the community and a positive way to give back. It is an opportunity to help high school students who are not able to afford college or may not want to attend college.

Fusion ED high school is able to give back to the children in the community by providing high school students with trades so they are able to make a living after school. Fusion ED is about equipping students with the academic support, life skills support to meet the needs of each and every student no matter what walk of life they come from. Fusion ED vision is to make sure that their students leave there program feeling that they accomplish their goals and dreams.

I believe Fusion ED will help students with life long careers that they will be in for a long time since they will be in a career that they love. Fusion ED is based on self-paced learning which allows students to work at their own pace and not adding that pressure on the students.

Please consider Fusion ED high school to give students who didn't think graduating high school let alone college an option to give them hope in graduating high school and having a trade skill to look forward to for the future.

Best regards,

Pauleetta L. Whittaker, MS, LMHCA
317-443-5928
pwhittaker@fallcreekcounseling.com

FIND YOUR FUTURE WITH FusionEd HIGH SCHOOL

FusionEd High School provides a unique and flexible high school alternative for students from the ages of 16–21. The FusionEd staff helps students lead their own individualized learning path to ensure success is within reach! FusionEd students have the opportunity to graduate with their diploma and a career certification in the business, healthcare, or manufacturing field. And if they choose to can further their education with a career certification track. These career certifications ensure a FusionEd High School graduate is at the front of the line with employers!

THERE ARE NOW THREE CAREER CERTIFICATIONS OFFERED THROUGH FusionEd:

- **HEALTH + PUBLIC SERVICE**
- **ARTS, BUSINESS + COMMUNICATION**
- **AUTOMOTIVE, MANUFACTURING + ENGINEERING**

FusionEd
True Power of Blended Learning

502-512-0202 | www.fusionedhigh.org

HEALTH + PUBLIC SERVICE CAREER CERTIFICATIONS

JUMPSTART YOUR PATH TO YOUR FUTURE IN HEALTHCARE

Looking for a career that's ever changing, challenging and makes a difference? If you're thinking about a career in an in-demand, dynamic industry — the Health and Public Service track may be what you need to start your career early. At FusionEd, we offer free programs that allow you to take the steps you need to reach your goals.

FusionEd Health + Public Service Career Certifications can position you for jobs and careers in:

- Medical Billing + Coding
- Medical Office Administration
- Patient Care Technician

FusionEd

True Power of Blended Learning

502-512-0202
www.fusionedhigh.org

HEALTH + PUBLIC SERVICE CAREER CERTIFICATIONS

FusionEd career certifications allow you to take even more control of your education and get farther down your path of success. With free tuition, scheduling flexibility and one-on-one instruction, FusionEd isn't just a place to earn your diploma, it's a place to start your future. We can help you get prepared for whatever the next step in your career is.

When you graduate, you will have not only earned your diploma, but you will also be trained, certified and prepared to pursue one of many health care or public service jobs that offer a long-term future.

Kick start your future, give us a call today at 502-512-0202!

FusionEd

True Power of Blended Learning

502-512-0202
www.fusionedhigh.org

FusionEd
Open House

YOUR FUTURE STARTS HERE

FusionEd
True Power of Blended Learning

FusionEd
True Power of Blended Learning

STAMP FPO

123 Anywhere Street
City, ST 12345

OPEN BIG OPPORTUNITIES AT OPEN HOUSE NIGHT

Do you have big dreams for the future but don't know how to get started? Your future starts with FusionEd! Come to our **LOREM IPSUM EVENT** and learn how we can help achieve your dreams! In addition to earning your diploma, we offer certifications in the business, healthcare, and manufacturing fields!

OPEN HOUSE NIGHT
Date:
Time:
Location:

502-512-0202 | www.fusionedhigh.org

RECIPIENT NAME
123 Anywhere Street
City, ST 12345

I'M INTERESTED!

FusionEd
True Power of Blended Learning

First + Last Name **Age**

_____

Parent/Legal Guardian Name

_____

Address

_____

Phone Number

_____

Secondary Phone Number

_____

Email

_____

Select a Career Pathway

- ☐ Health + Public Service
- ☐ Arts, Business + Communication
- ☐ Automotive, Manufacturing + Engineering

Last School Attended

_____

_____

Last Grade Completed

_____

FusionEd High School Interested In

_____

_____

I'M INTERESTED!

FusionEd
True Power of Blended Learning

Student Referrals

_____

_____

_____

Please complete both sides and return to your recruiter.

JOB DESCRIPTION

Job Title:	Principal/Administrator	**Reports To:**	Chief Academic Officer
Department:	Administrative	**FLSA Status:**	Exempt
Effective Date:	July 1, 2018	**Division:**	Fusion Ed High Schools

Description

Effectively leads and manages the assigned Fusion Ed High School in conformity with the philosophy and policies adopted, the rules of the governing Board, State Board of Education, the provisions of law, directives of the Regional Director/Manager of Fusion Ed High School and sound administrative practice. Directly supervises all personnel assigned to building. Areas of responsibility include Operations, Personnel, Curricular & Co-Curricular Programs, Student Services & Supplementary Programs, Physical Plant, Finance, Pupils, Parents/ Guardians, and Community Outreach. The Principal, by necessity, may delegate the exercise of his/her authority without relief from responsibility for actions taken under such delegation.

Responsibilities

- Understands, accepts, and abides by the Fusion Ed High Schools' philosophy and mission statement in all his/her school activities
- Foster and support student recruitment and retention, and maintaining an enrollment within 95% of capacity.
- Administers all Fusion Ed High School operational, educational, and personnel policies in conjunction with the Management Organization
- Acts as an educational leader and guide, assist, and support all educational activities
- Reviews teacher lesson plans on a timely basis
- Maintains discipline and the Fusion Ed High School Code of Conduct in all applicable situations
- Evaluates, at least twice a year or as needed, all staff members in assigned duties
- Insures that all standardized tests and state-mandated tests are administered in a secure environment
- Oversees and manage student recruitment efforts, insuring that enrollment goals are achieved
- Oversees maintenance of school census, attendance data, and report card requirements, as mandated by the state
- Acts as a local representative for the Fusion Ed High School
- Sets an example with punctuality and in performing all duties in an exemplary manner
- Has read and agrees to abide by the policies, directives, and guidelines as stated in the employee manual and is in agreement with any policy changes
- Maintains Principal Budget and imprest account spending at Fusion Ed High School for reporting
- Oversees all student enrollment reports to the state
- Work with Chief Academic Officer and/or Regional Director/Manager to coordinate professional development, teacher based teams and staff in-service
- Attends monthly Principals meetings or others upon request
- Oversees all supplemental or contracted staff
- Helps maintain cleanliness in the school
- Works in a professional and cooperative manner with others to achieve duties, responsibilities, and goals
- Acts in accordance to the directives and assignments given by the Chief Academic Officer
- Agrees to abide by the policies, directives, and guidelines as stated in all Fusion Ed High School manuals pertinent to the position
- Attend meetings related to Special Education services (i.e. IEP, MFE/ETR and IAT).
- Coordinate Response to Intervention (RTI).
- Coordinate, decide on and properly record time off for all staff.
- Conduct monthly fire drills, tornado drills and lockdown drills.
- Create a positive school environment.
- School activities — the Principal is required to attend and/ or participate in such other activities as directed by the Chief Academic Officer such as: faculty meetings, open houses, commencement exercises, chaperone student activities, provide guidance for students, participate in professional learning communities, and study and help resolve school problems

- Performs student home visits as required
- Performs all other duties as assigned

Position Requirements

Bachelor's Degree minimum, Master's or higher preferred; state Principals licensure/certification preferred; at least three years in a supervisory or management role; ability to lead staff and effectively communicate his/her vision for the school; proficient in computer applications, including MS Office Suite, e-mail, and internet applications; strong ability to gather, analyze, and interpret student data to make sound educational decisions; exhibit flexibility with regard to decision-making, daily challenges, and job duties; ability to work in a diverse educational community setting; understand the community and student demographics; understand state proficiency testing as well as state teaching standards; satisfactory completion of federal and state required criminal history check and health tests; and physical ability to lift up to 25 pounds

Knowledge, Skills, Abilities and Personal Characteristics

- Experience in the field of High School Curriculum and Instruction Methods
- Ability to handle confidential information responsibly and exhibit sound judgment while maintaining that confidentiality
- Reliable, dependable, and trustworthy work ethic; a strong sense of integrity
- Ability to manage difficult or emotional students, staff, parents, and community members
- Ability to communicate with students, parents, and board, sponsor, and community members
- Ability to make sound judgments after all available information has been gathered or communicated
- A mature attitude and insight into matters affecting school, self and/or company welfare
- Leadership and building management ability
- Excellent written and oral communication skills
- Ability to work well under pressure, and effectively prioritize and execute tasks to meet deadlines consistently
- Ability to be an active listener and critical thinker
- Ability to motivate, develop, and direct people

Work Conditions

- Management and interaction with students, staff, parents, and boards, sponsors, and community members
- Ability to travel
- Standing for extended periods of time, sitting occasionally
- On Call availability
- Ability to move around the building
- Dexterity to operate a computer keyboard, mouse, and to handle other computer and other technology related components

This position description is not intended to be a complete list of all responsibilities, duties or skills required for the job. It is subject to review and change at any time, with or without notice, in accordance with the needs of the Company. Because no position description can detail all of the duties and responsibilities that may be required from time to time in the performance of a job, any duties and responsibilities that may be inherent in a job, reasonably required for its performance, or required due to the changing nature of the job shall also be considered part of the job holder's responsibility.

I have read this position description and discussed it with my supervisor.

_____ _____

Employee Date

Job Title:	Accountant	**Reports To:**	Controller
Department:	Administrative	**FLSA Status:**	Non-Exempt
Date:	07/01/2018	**Company:**	Fusion Ed

Job Summary

Under general direction, the Accountant is responsible for the timely and accurate accounting of the revenue cycle for Fusion Ed. The incumbent will be accountable for the revenue recognition, invoice processing, and general ledger account reconciliations. The Accountant will play a key role in the finance department.

Job Responsibilities
Include, but are not limited to:

- Record state aid revenue (foundation management fee) for all companies
- Invoice the various school boards by recording the management fee receivable
- Record the revenue for the federal and state food reimbursement program, invoice the various school boards
- Record Casino revenue for approved schools, invoice the respective school boards for payment
- Record Bussing Revenue for approved schools (foundation), invoice the school boards
- Record Erate priority I discount for telephone and internet
- Sweep funds for state aid, federal and state food reimbursement, grant, and casino revenue from the board bank accounts.
- Deposit checks.
- Record the corporate tax entry
- Record Internal management fees
- Record the cost of capital entry, management service fees
- Reconcile assigned general ledger accounts
- Other duties as assigned

Knowledge, Skills, Abilities, and Personal Attributes

- Strong knowledge and understanding of Generally Accepted Accounting Principles (GAAP)
- Strong interpersonal skills with a high degree of analytical ability, strong reconciliation skills
- Strong verbal and written communication skills
- Strong computer skills and accounting software knowledge

Minimum Position Requirements

- Bachelor’s degree in Accounting
- 5 years of related experience
- CPA preferred

Job Title:	Accountant	**Reports To:**	Controller
Department:	Administrative	**FLSA Status:**	Non-Exempt
Date:	07/01/2018	**Company:**	Fusion Ed

The position comes with a competitive compensation and benefits package, including bonus opportunities

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EMPLOYEE ACKNOWLEDGMENT:

I have read this position description and discussed it with my supervisor

Employee _____ Date _____

Job Title:	Chief Academic Officer & Superintendent	**Reports To:**	CEO / COO
Department:	Administrative	**FLSA Status:**	Exempt
Date:	07/01/2018	**Company:**	Fusion Ed

Job Description

Fusion Ed High Schools offers an alternative high school education to students between the ages of 16 – 21+. Class hours and curriculum are designed to be flexible enough to fit each individual's needs. In addition to computer based learning and highly qualified teachers available for one-on-one attention, Fusion Ed assists students outside of the classroom with job placement and counseling for higher education.

Responsibilities

Include, but are not limited to:

- Overseeing intervention, remediation and tutorial activities;
- Analyzing assessment data as it relates to the school, to individual student achievement, and to the improvement of instruction;
- Serving as a member of the school's Continuous Improvement Model Leadership Team;
- Evaluate principals or administrators
- Train principals or administrators
- High School visitations weekly.
- Career-Tech program and community outreach oversight
- Curriculum oversight, selection, modification and training of staff
- Oversight of the periodic accreditation
- Oversight of age 22+ program
- P & L responsibilities for daily operations of Fusion Ed High Schools.
- Board relationship management
- Attend Board meetings
- Identify and plan training needs for staff
- Oversight of compliance activities related to school testing and data reporting
- Prepare and present presentations to key stakeholders such as ownership, school boards, sponsors, ODE, etc.
- Facilitate delivery of shared services to the schools
- Organize and chair monthly principals' or administrators' meetings
- Organize and chair weekly High School Program Meetings with LSHS Solutions, LLC.
- Principal's or Administrators' weekly report – review and respond
- High School student withdrawal exit interviews with parents
- Advise and counsel the principals or administrators on the daily operation of the High Schools
- Student discipline and staff discipline
- Member of the Leadership Team

Essential Tasks

Knowledge, Skills, Abilities and Personal Characteristics

- Plan and coordinate school intervention, remediation, and tutorial programs/classes.
- Oversees the Response to Intervention (RTI) process
- Identify students eligible for services.

Job Title:	Chief Academic Officer & Superintendent	**Reports To:**	CEO / COO
Department:	Administrative	**FLSA Status:**	Exempt
Date:	07/01/2018	**Company:**	Fusion Ed

- Identify appropriate remediation services.
- Facilitates Teacher Based Teams(TBT) and the Professional Learning Community (PLC)
- Maintain all necessary and appropriate records.
- Review and track quarterly attendance and academic progress of students being served in remediation, intervention and tutorial programs to determine progress and the need for adjustments.
- Assist with data collection and data record keeping associated with the Plan for Continuous Improvement (as appropriate).
- Assist with analyzing national, state and local assessment data as it relates to the school, to individual student achievement and to the improvement of instruction.
- Review assessment data with teachers, individually and with departments, grade levels, or instructional teams.
- Conduct parent, teacher, and student information sessions concerning testing, remediation, and tutorial programs/classes.
- Attend, as necessary and appropriate, training sessions and site meetings related to assigned responsibilities.
- Perform additional duties related to assigned

Position Requirements

Master's degree; Principal's license; Superintendent license preferred; minimum of 3 years prior educational leadership experience required; proficient in computer applications, including MS Office Suite, e-mail, and internet applications; excellent verbal and written communication skills; ability to clearly and effectively communicate vision and goals for the school; ability to supervise, motivate, and evaluate staff; strong ability to gather, analyze, and interpret student data to make sound educational decisions; exhibit flexibility with regard to decision-making, daily challenges, and job duties; has strong sense of integrity; has a "team player" attitude; ability to work in a diverse educational community setting; understand state proficiency testing as well as state teaching standards; satisfactory completion of state required criminal history check and health tests

The position comes with a competitive compensation and benefits package, including bonus opportunities

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EMPLOYEE ACKNOWLEDGMENT:

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Employee _____ Date _____

Job Title:	Curriculum and Instruction Director	**Reports To:**	CAO / Superintendent
Department:	Administrative	**FLSA Status:**	Exempt
Effective Date:	July 1, 2018	**Company:**	Fusion Ed

Position Responsibilities

To provide leadership and support for the ongoing development, assessment, and improvement of the instructional program and staff development for the Fusion Ed High Schools.

Performance Responsibilities

Include, but are not limited to:

- Leads in the development and maintenance of a positive coordinated educational program designed to meet the needs of all Fusion Ed students.
- Plays a key role as facilitator in training faculty regarding their course materials and instructional pedagogies
- Reviews and manages curriculum courseware for Fusion Ed High Schools.
- Manages the development of curriculum materials for both online and face-to-face delivery of courses especially as to their core content and state standards require.
- Guides the Administration team through the development, implementation, and evaluation of curriculum and instruction.
- Designs and implements feedback from staff, parent, student, and community members regarding curriculum and instruction.
- Assists in keeping the academic community informed about the curriculum and instructional programs especially as they relate to student learning results.
- Guides development, implementation, and evaluation of orientation and in-service training programs for professional personnel.
- Works with building Administrators in the improvement of individual staff competencies.
- Frequently visits each school to observe classroom instruction and to encourage, guide and support the faculty and Administrators in working toward achieving the learning results in grades 9-12.
- Assumes responsibility for Teacher certification process and chairperson for Local Staff Development & Certification Committee.
- Responsible for collecting, assessing, and reporting Highly Qualified Teacher Data.
- Other duties as assigned

Qualifications

Master's Degree in Education required; five (5) years classroom teaching experience; two (2) years curriculum development experience required, preferably utilizing online content.

Skills, Abilities, and Competencies

- Demonstrated skills in a variety of educational technologies including learning management systems, curriculum databases, electronic instructional design tools, web-based applications, graphic design, and multimedia educational products such as screen-based simulation and other multimedia based formats.
- Excellent organizational skills required, experience with project management tools & techniques preferred.

- Excellent oral and written communication skills required for interaction with faculty and staff, as well as external constituencies at all levels.
- Demonstrated ability to manage databases, develop formal written reports and deliver this information in a formal presentation.
- Demonstrated leadership skills in planning and directing processes, program components, and staff
- Action-Oriented - Displays and encourages a sense of commitment to meeting deadlines and achieving results and devotes resources to "what is important now."
- Communication - Demonstrates effective verbal and written communication.
- Communicates effectively with faculty, staff, students, and other departments across the organization. Listens to others to ensure understanding and contributes meaningful information during meetings.
- Integrity and Ethics - Consistently demonstrates integrity and ethical behavior congruent with the values of integrity, excellence, service, and stewardship of Fusion Ed High Schools in all transactions and relationships.
- Motivation - Sets and achieves challenging goals. Demonstrates persistence and overcomes obstacles. Measures self against standard of excellence and takes calculated risks to accomplish goals.
- Planning/Organizing - Prioritizes and plans work activities and uses time efficiently. Organizes or schedules tasks and develops realistic action plans.
- Professionalism - Approaches others in a professional manner. Reacts well under pressure and always treats others with respect and consideration regardless of their status or position. Accepts responsibility for own actions and follows through on commitments.
- Demonstrates commitment to continuous improvement of processes, procedures, and policies. Copes effectively with change and is comfortable working with uncertainty.
- Student-Oriented - Interacts cooperatively and constructively with students and exhibits the highest standards of dedication and commitment to quality service to meet or exceed student requirements. Demonstrates a continual focus on student-centered learning and retention and learner needs.
- Teamwork - Contributes in building a positive team spirit by placing success of team above own interest.

Work Conditions

- Interaction with management personnel, students, staff, parents, boards, sponsors, and community members
- Ability to travel
- Sitting and standing for extended periods of time
- Dexterity to operate a computer keyboard, mouse, and to handle other computer and other technology related components

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Job Title:	Curriculum and Instruction Director	**Reports To:**	CAO / Superintendent
Department:	Administrative	**FLSA Status:**	Exempt
Effective Date:	July 1, 2018	**Company:**	Fusion Ed

I have read this position description and discussed it with my supervisor.

_____ _____

Employee Date

Job Title:	Director of Assessment & Accountability	**Reports To:**	CAO / Superintendent
Department:	Administrative	**FLSA Status:**	Exempt
Date:	07/01/2018	**Company:**	Fusion Ed

Position Responsibilities

To guide and manage the design, creation, delivery, and evaluation of blended environment (LMS) and the deployment of appropriate instructional technologies to support the engagement and learning of Fusion Ed High School students.

Performance Responsibilities

Include, but are not limited to:

- Design, develop, and deliver relevant pedagogical and technical training for online Subject Matter Experts (SMEs) developing and/or delivering online instruction.
- Collaborate with SMEs from across the organization to develop and revise instructional materials using current best practices.
- Conceptualize, develop, and maintain online curriculum for 9-12 learning environment.
- Ensures the instructional quality of courses/products.
- Interact with relevant technical and support personnel in all facets of online course development, implementation, and maintenance.
- Maintain current skills and knowledge in instructional design and technology.
- Assist in evaluation of program managers, instructors and course developer at the end of development cycle.
- Ensure that specific Course Requirements (format, content, etc.) are met based on standards.
- Participate in the review of current learning solutions and potential new solutions to facilitate student learning
- Other duties as assigned to achieve organizational goals

Knowledge, Skills, and Abilities

- Possess an understanding of instructional design principles and experience with course design, development, implementation, and evaluation.
- Experience using Blackboard Learning or other Learning Management Systems.
- Experience with SoftChalk, Adobe Captivate, Articulate and other e-Learning development tools are preferred, but not required.
- Understanding of instructional design theory.

Qualifications

Bachelor's degree required; Master's Degree or higher in disciplines related to Instructional/Educational Design or a college appropriate discipline preferred. Two or more years of experience performing in an instructional design role preferred. Expertise in Instructional Design methodology and pedagogy. Experience in developing e-Learning training for online applications.

Work Conditions

- Interaction with management personnel, students, staff, parents, boards, sponsors, and community members
- Ability to travel as needed
- Sitting and standing for extended periods of time

Job Title:	Director of Assessment & Accountability	**Reports To:**	CAO / Superintendent
Department:	Administrative	**FLSA Status:**	Exempt
Date:	07/01/2018	**Company:**	Fusion Ed

- Dexterity to operate a computer keyboard, mouse, and to handle other computer and other technology related components

The position comes with a competitive compensation and benefits package, including bonus opportunities

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EMPLOYEE ACKNOWLEDGMENT:

I have read this position description and discussed it with my supervisor

Employee _____ Date _____

EXIBIT A – JOB DESCRIPTION

Job Title:	Director of Enrollment	**Reports To:**	Executive Director-Board & School Relations
Department:	Administrative	**FLSA Status:**	Exempt
Effective Date:	July 1, 2018	**Division:**	Fusion Ed

Job Goals

The Director of Enrollment shall develop, execute, monitor, and manage aspects of the enrollment processes for all Fusion Ed High Schools by providing oversight, direction, initiative, and guidance to school level employees and external call centers/ firms. Ensure compliance with policies and regulations outlined by Fusion Ed and the Department of Education. The Director of Enrollment will work hands on and provide leadership by guiding, assisting and supporting all enrollment activities.

Description

Specific duties Include, but are not limited to the following:

- Observe school enrollment processes, including personnel, on a regular basis and make recommendations for development, and provide guidance and coaching to personnel on an ongoing basis.
- Initiate, design and deliver trainings for development
- Develop an enrollment reporting structure/ dashboard for the purpose of apprising stakeholders of key enrollment-related metrics.
- Establish goals for the schools and external call centers/ firms and ensure goals are met weekly, monthly, quarterly, and annually
- Effectively communicate with Fusion Ed Leadership Team concerning enrollment metrics
- Answer staff questions and resolve escalated issues
- Provide forecast reports as requested
- Manage and maintain budget for all enrollment-related events (open houses, promotional events, travel, etc.).
- Conduct audits to assess effectiveness of operations. This includes: review of student program enrollment documentation; analysis of data stored in automated processing systems and software applications; ensuring accuracy of data; and promoting operational efficiency.
- Monitor school personnel/ external call center staff compliance with applicable regulations and standards throughout all aspects of the enrollment process, including: interviewing; hiring and training employees; planning, assigning, and directing work; appraising performance; rewarding and disciplining employees; and addressing complaints and resolving problems.
- Attend conferences and meetings to stay current on industry trends and best practices.
- Meet with current/prospective students to answer questions, resolve concerns and address issues as needed
- Work to foster high level of overall student and employee satisfaction.
- Work with personnel on addressing student enrollment and retention issues.
- Attend school functions and events.
- Perform other duties as assigned by local leaders.

Knowledge, Skills, Abilities, and Personal Characteristics

- Demonstrates exemplary leadership and management skills
- Responds to requests for service and assistance and provides dependability
- Balances team and individual responsibilities
- Displays willingness and ability to make sound professional decisions
- Maintains a high level of confidentiality regarding student information, and acts in accordance with the rules and regulations set forth in FERPA

- Effectively communicates with others
- Possesses familiarity with Customer Relationship Management Systems
- Is able to complete all job requirements in allotted time and show profound time management skills
- Displays an organized and results-oriented approach, and motivation to perform without extensive direction
- Displays high quality of work and level of accuracy

Job Title:	Director of Enrollment	**Reports To:**	Executive Director-Board & School Relations
Department:	Administrative	**FLSA Status:**	Exempt
Effective Date:	July 1, 2018	**Division:**	Fusion Ed

- Uses creative, solution-oriented approach to address problems

Qualifications

- Bachelor's degree (Business, Marketing, or related field preferred)
- Minimum 3 years' experience working in student enrollment, admissions, or a related field preferred
- 2-5 years' education experience preferred
- 2-5 years' management experience
- Experience with student information systems
- Ability to travel
- Knowledge of Microsoft Office Suite: Word, Excel, Outlook
- Knowledge of or willingness to learn basic CRM functionality
- Ability to work a flexible schedule and achieve results in a fast-paced environment
- Excellent written, verbal, and interpersonal communication skills; excellent attention to detail; strong multi-tasking skills; highly organized;
- Satisfactory completion of state required criminal history check and health tests;
- Physical ability to lift up to 25 pounds

EMPLOYEE ACKNOWLEDGEMENT

I have read this position description and discussed it with my supervisor.

Employee _____ Date _____

Job Title:	Director of Special Education	**Reports To:**	Chief Academic Officer
Department:	Administrative	**FLSA Status:**	Exempt
Effective Date:	July 1, 2018	**Division:**	Fusion Ed High Schools

Description

To assist the Chief Academic Officer/Superintendent and school leadership staff by effectively educating special education students in conformity with the philosophy and policies adopted by the rules of the governing Board, State Board of Education, the provisions of law, directives of the Chief Academic Officer (CAO) and sound administrative practice. This position's responsibilities include oversight and development of innovative special education services to meet diverse student needs and ensure quality education and compliance.

Areas of Responsibility

Effectively utilize prior education, experience and/or training, sound classroom and staff management, technology, and the curriculum provided to successfully educate and graduate students.

Responsibilities

Specific duties include, but are not limited to:

- Understand, accept, and abide by the organization's philosophy and mission statement in all his/her school activities
- Contribute to the leadership team working as an active member of the administrative staff; assist in the development of the total school philosophy of special education
- Ensure SPED staff are maintaining all student records and files according to the models, policies and procedures and are following up on all requests for IEP and MFE dates
- Use computers and other technology provided to assist staff, parents and students
- Suggest new policies, procedures or changes essential to special education programs
- Evaluate on an ongoing basis the total special education program staff, curriculum, procedures as well as student growth
- Keep the Board informed regarding special education programs, services as well as budget trends
- Maintain confidentiality concerning all student information and any professional matters
- Work with the teaching staff to improve standardized and proficiency testing results
- Use only forms or reporting records approved and/or adopted by the organization
- Assist with the selection for hiring of the special education faculty
- Lead the supervision/evaluation of the special education staff members
- Help maintain cleanliness in the school
- Act in accordance to the directives and assignments given by the CAO
- Agree to abide by the policies, directive, and guidelines as stated in all manuals pertinent to the position
- Collaborate with teacher, psychologists, parents and CAO/Superintendent
- Solicit input and make modifications as appropriate
- Develop guidelines for within the special education department
- Work with related services to keep evaluations current, updated when needed
- Participate in ongoing training to enhance professional skills
- Provide resources for classroom teachers for areas of disability
- Be aware of student status' for state and district testing and provide proper accommodation
- Schedule meetings as needed
- Collaborate with professionals outside of school to continuously remain updated on student's progress
- Provide EMIS forms to the data entry personnel for all student with disability
- Evaluate, manage, and audit third party SPED service providers
- Implement methods for special education students to participate in career exploration and training programs
- The Director of Special Education is required to attend and/or participate in such activities as directed by the CAO such as: faculty meetings (before or after school hours), open houses, commencement exercises, chaperone student activities, provide guidance for students, participate in professional learning communities, study and help resolve school problems, and participate in the preparation of courses of study – these activities demonstrate valuable support for Fusion Ed
- Performs student home visits as required
- Performs all other duties as assigned

Position Requirements

- Master's degree minimum

Job Title:	Director of Special Education	**Reports To:**	Chief Academic Officer
Department:	Administrative	**FLSA Status:**	Exempt
Effective Date:	July 1, 2018	**Division:**	Fusion Ed High Schools

- Certification/licensure in appropriate area
- Proficient in computer applications
- Ability to lead staff effectively through excellent verbal and written communication skills
- Strong content knowledge in one of more content area
- Strong ability to gather, analyze, and interpret student data to make sound educational decisions
- Exhibit flexibility with regards to decision making, daily challenges, and job duties
- Understand the community and student demographics
- Minimum five years of experience in special education, leadership preferred
- Understand state proficiency testing as well as state teaching standards
- Satisfactory completion of state mandated criminal history and health tests
- Physical ability to lift up to 25 pounds

Professional Conduct, Skills and Abilities

- Exhibit punctuality
- Work in a professional and cooperative manner with others to achieve duties and responsibilities
- Follow the dress code as stated in the employee handbook
- Communicate effectively with individuals of varied cultural backgrounds
- Experience in the field of High School Curriculum and Instruction Methods
- Ability to manage difficult or emotional students, staff, parents, and community members
- Ability to communicate with students, parents, and board, sponsor, and community members
- Ability to motivate, develop, and direct people

Work Conditions

- Management and interaction with students, staff, parents, and boards, sponsors, and community members
- Ability to travel
- Standing for extended periods of time, sitting occasionally
- On Call availability
- Ability to move around the building
- Dexterity to operate a computer, keyboard, mouse, and to handle other computer and technology related components

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I have read this position description and discussed it with my supervisor.

Employee _____ Date _____

Job Title:	Director of Operations	**Reports To:**	CAO / Superintendent
Department:	Administrative	**FLSA Status:**	Exempt
Date:	07/01/2018	**Company:**	Fusion Ed

Job Description

The Director of Operations is responsible for the oversight of the customer accounts with the business. The Director is responsible for the training and guidance of new employees and oversight of board relation managers and/or consultants.

Job Responsibilities
Include, but are not limited to:

- Monitor and maintain board policies for governing boards.
- Provide updates to the executive team on the needs of the customers and be the point of contact for customers.
- Responsible for the day-to-day oversight of compliance software as well as board communication software
- Responsible for the day-to-day management of customer accounts with the business.
- Point of contact, and provides customer support, and general relationship management.
- May be in charge of a number of accounts, and has a variety of job duties, including:
    - obtaining, documenting, and monitoring compliance requirements for non-profit school boards;
    - creating meeting agendas, resolutions, and public notices;
    - participating in and transcribing minutes at each board meeting;
    - maintaining contracts and corporate record books, background checks, and resume/credential files for all board members, and researching various state laws in regards to school board legal requirements and responsibilities.
- Assist in managing complex contract negotiations and work with legal counsel as required.
- Monitor and maintain all sponsor contracts and management agreements and facilitate the renewal process.
- Other job duties may be required as the job demands.

Position Qualifications

- Minimum Bachelor's degree
- At least 5 years in legal/paralegal capacity
- Excellent verbal and written communication skills
- Excellent organizational and multitasking ability
- Strong attention to detail
- Proficiency with Microsoft Office products
- Ability to travel for overnight stays

The position comes with a competitive compensation and benefits package, including bonus opportunities

This position description is not intended to be a complete list of all responsibilities, duties or skills required for the job and is subject to review and change at any time, with or without notice, in accordance with the needs of the Company. Since no position description can detail all the duties and responsibilities that may be required from time

to time in the performance of a job, duties and responsibilities that may be inherent in a job, reasonably required for its performance, or required due to the changing nature of the job shall also be considered part of the job holder's responsibility.

EMPLOYEE ACKNOWLEDGMENT:

I have read this position description and discussed it with my supervisor

Employee _____ Date _____

Job Title:	HR Director / Recruiter	**Reports To:**	CAO / Superintendent
Department:	Human Resources	**FLSA Status:**	Non-Exempt
Date:	July 1, 2018	**Company:**	Fusion Ed

Description

Under the general supervision of the Superintendent, responsible for sourcing, screening, recruiting, interviewing, testing, and recommending qualified candidates for positions.

Responsibilities
Include, but are not limited to:

- Create innovative advertisements and other written materials that will attract excellent candidates. Strategically disseminate job advertisements throughout the community utilizing a variety of methods, including print media, electronic media, internet sites, schools and professional organizations.
- Develop and maintain ongoing working relationships and formal programs with area high schools, colleges, universities, and professional organizations to create a wide and diverse pool of potential qualified candidates.
- Attend job fairs
- Review and analyze the information provided on a prospective employee's application form to determine the suitability of the applicant for employment.
- Conduct telephone or in-house screenings and interviews, as appropriate.
- Put together interview schedule for appropriate personnel. Follow up with each interviewer as to their thoughts on the candidate's suitability.
- Contact references and perform background checks, including contacting prior employment references, and obtaining copies of school transcripts and licensures, to gain adequate information on which to base a selection and compensation decision.
- Create job offers to qualified candidates for employment and follow up with a written letter and/or employment contract to be signed in acceptance by the candidate.
- Complete onboarding and pre-hire background checks through FBI and BCI.
- Ensure that the new employee receives all applicable employment and insurance forms for completion prior to start date
- Create necessary school year contract for new employee once FBI / BCI clearance comes through.
- Maintain, review and determine licensure renewals/applications through the Ohio Department of Education.
- Electronically sign licensures for educators, including applicable affiliates and/or contracted workers working in the schools.
- Run annual licensure report to ensure all necessary staff working in the schools are licensed appropriately.
- Maintain and determine educator's Highly Qualified Teacher statuses. Including completing applicable documentation for personnel files.
- Act as liaison with area employment agencies, temporary agencies, search firms, and advertising agencies as needed. Process and check billings as needed.
- Regularly communicates with the reporting manager about recruitment and retention progress. Attends Administrators meetings as needed.
- Act as backup to the HR Specialist as needed
- Work closely with staff at all levels of the organization.
- Perform all other related duties as assigned.

Job Title:	HR Director / Recruiter	**Reports To:**	CAO / Superintendent
Department:	Human Resources	**FLSA Status:**	Non-Exempt
Date:	July 1, 2018	**Company:**	Fusion Ed

Knowledge, Skills, Abilities and Personal Characteristics

- Considerable skill in interviewing techniques and creative writing ability
- Ability to handle confidential information responsibly and exhibit sound judgment while maintaining that confidentiality.
- Capable of creating and maintaining good working relationships with individuals at all levels of the organization.
- Demonstrates a reliable, dependable, and trustworthy work ethic; having a strong sense of integrity
- Demonstrates a mature attitude and insight into matters affecting department, self and / or company welfare.
- Excellent written and oral communication skills.
- Ability to work well under pressure, effectively prioritizing and executing tasks to meet deadlines consistently.
- Customer service oriented; analytical ability to interpret and explain complex instructions.
- Ability to learn new technologies and acquire new skills through independent study, professional training, and from more senior team members.
- Excellent organizational and multi-tasking abilities, work well in group problem solving situations and use reason even when dealing with emotional topics
- Ability to identify and resolve problems in a timely manner and gather and analyze information skillfully
- Demonstrate accuracy and thoroughness
- Ability to perform internet-based research
- Proficient with Microsoft Office products

Position Requirements

Bachelor's degree in psychology, social work, human resources, communications, business or related field preferred, with a minimum of two years of staff recruiting experience required. Experience in Education strongly preferred; Extensive knowledge of personnel policies and procedures, and federal and state laws regarding hiring and other employment practices

Work Conditions

- Sitting for extended periods of time
- On Call availability
- Dexterity of hands and fingers to operate a computer keyboard, mouse, and to handle other computer components

This position description is not intended to be a complete list of all responsibilities, duties or skills required for the job and is subject to review and change at any time, with or without notice, in accordance with the needs of the Company. Since no position description can detail all the duties and responsibilities that may be required from time to time in the performance of a job, duties and responsibilities that may be inherent in a job, reasonably required for its performance, or required due to the changing nature of the job shall also be considered part of the job holder's responsibility.

Job Title:	HR Director / Recruiter	**Reports To:**	CAO / Superintendent
Department:	Human Resources	**FLSA Status:**	Non-Exempt
Date:	July 1, 2018	**Company:**	Fusion Ed

EMPLOYEE ACKNOWLEDGMENT

I have read this position description and discussed it with my supervisor.

_____ _____

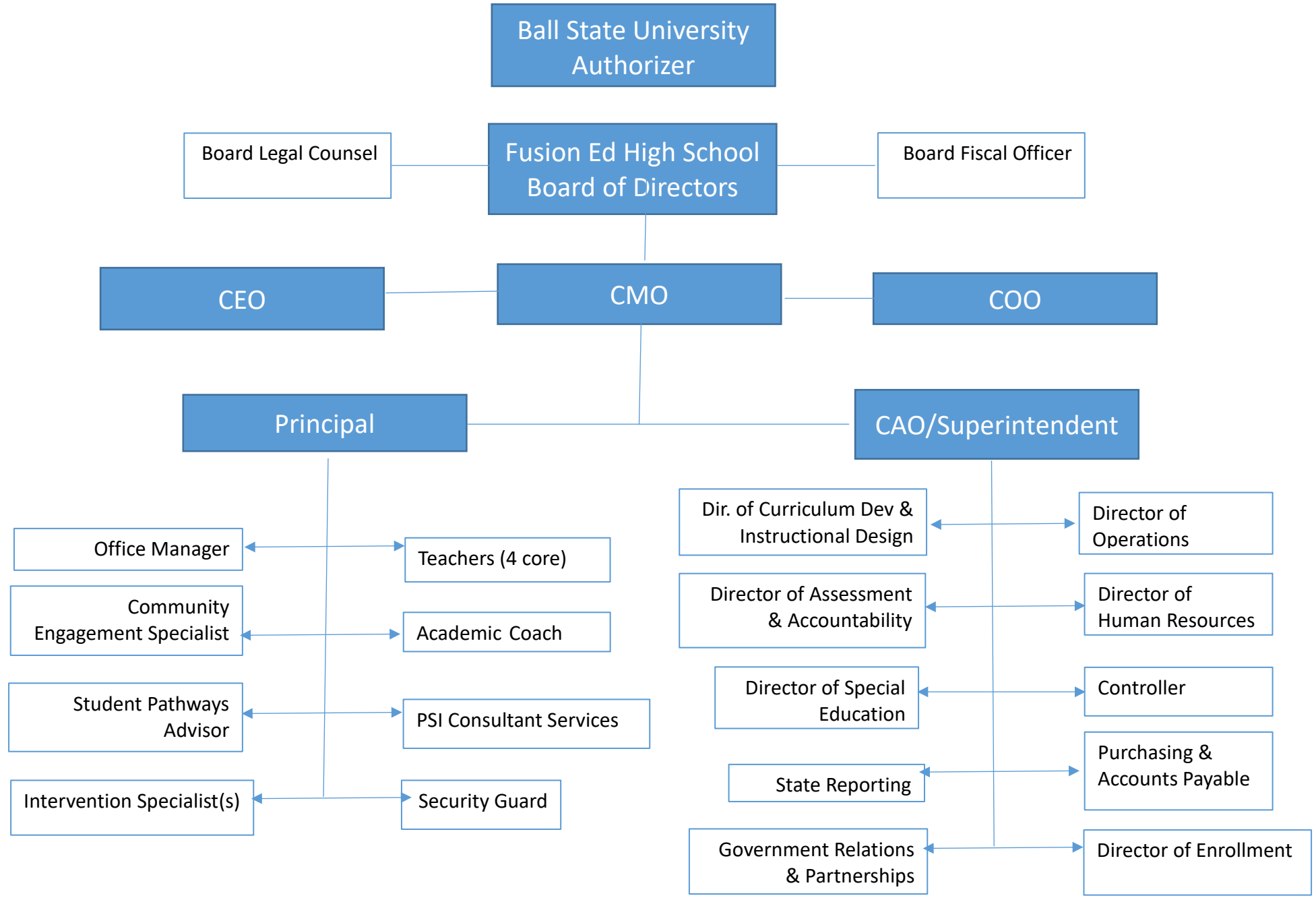
Employee Date

_____ _____

Supervisor Date

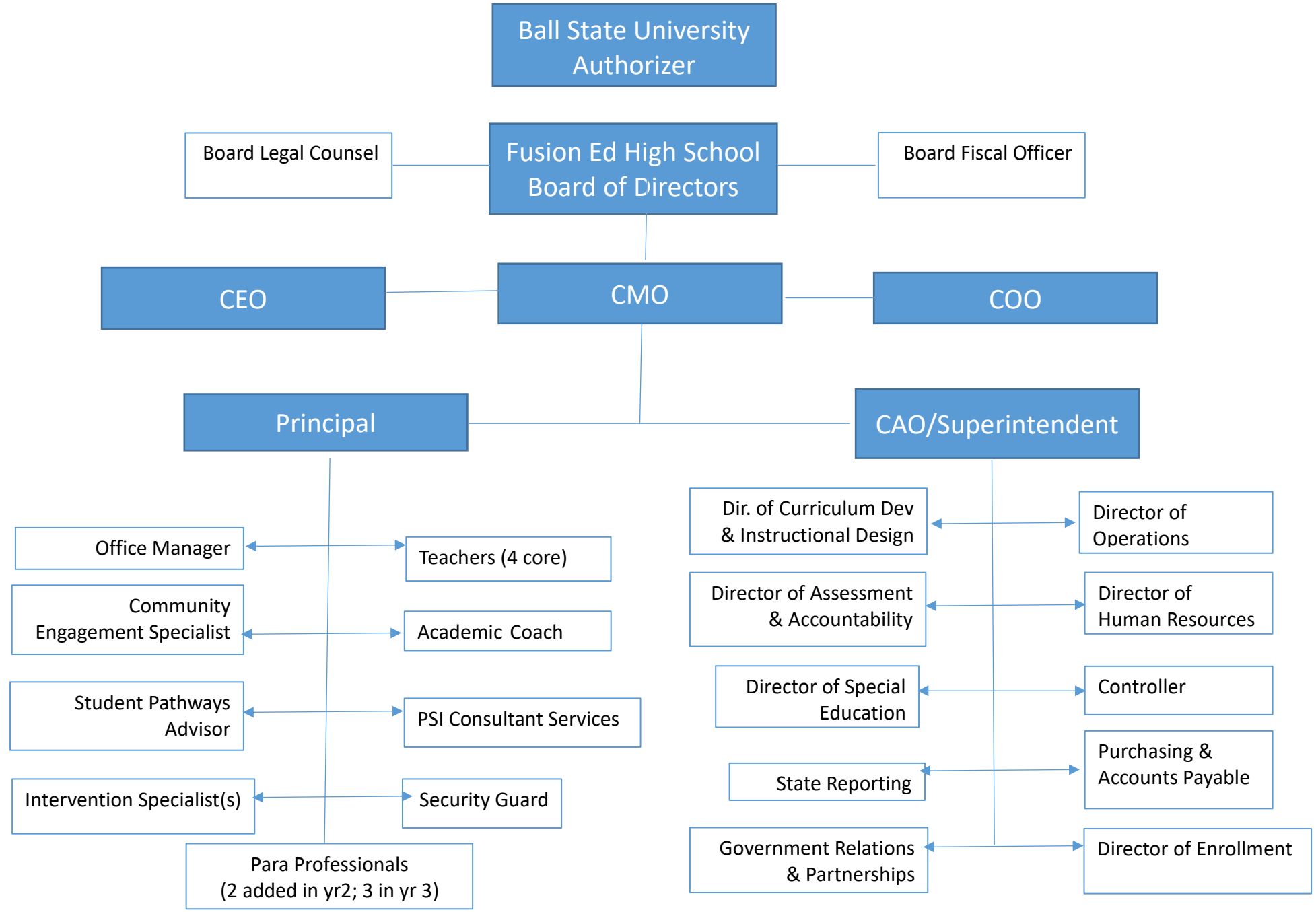
FUSION ED HIGH SCHOOL – YEAR 1

ATTACHMENT 11 – ORGANIZATIONAL CHARTS



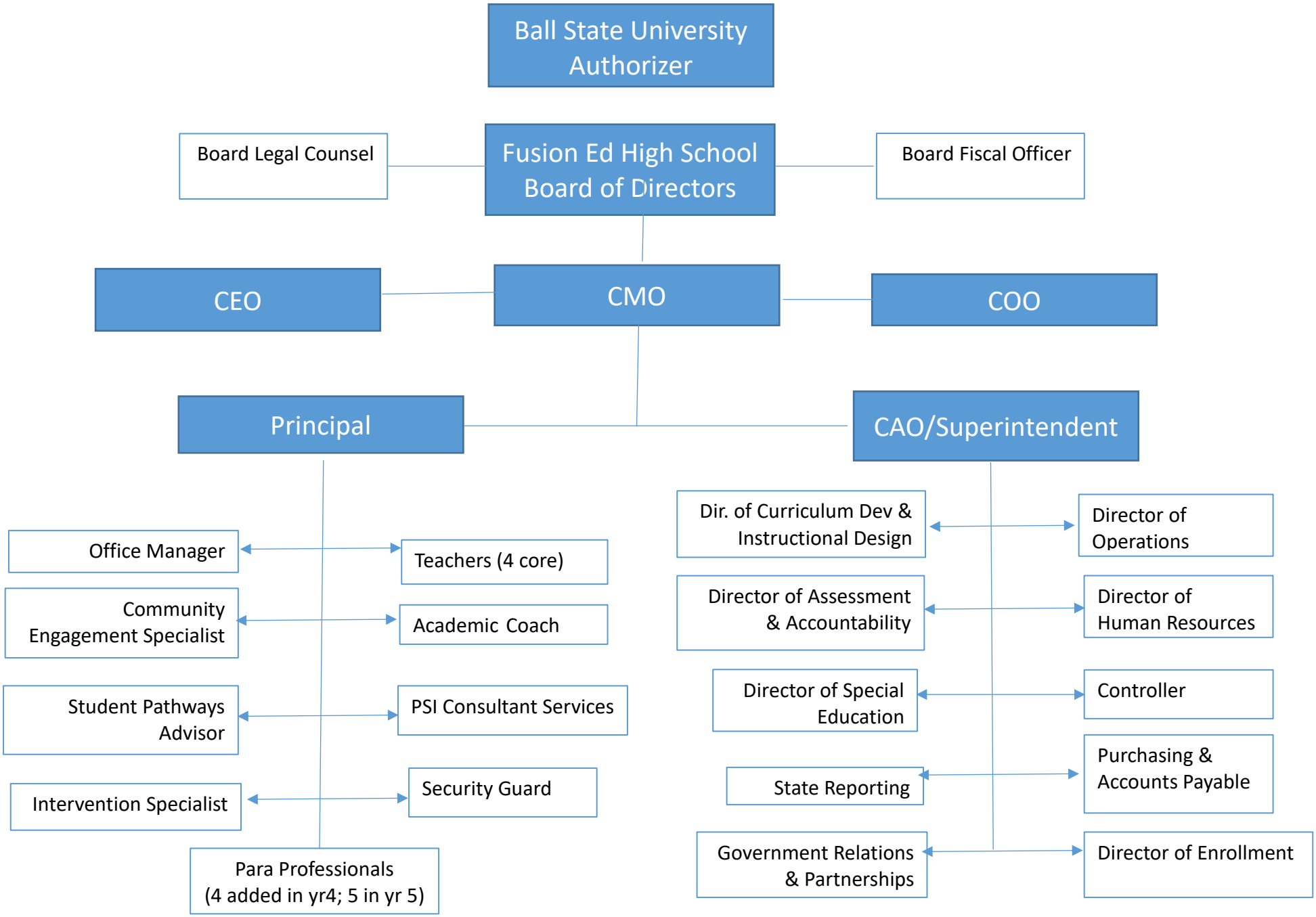
FUSION ED HIGH SCHOOL – YEAR 2-3

ATTACHMENT 11 – ORGANIZATIONAL CHARTS



FUSION ED HIGH SCHOOL – YEAR 4-5

ATTACHMENT 11 – ORGANIZATIONAL CHARTS



ATTACHMENT 12 – FEHS CERTIFICATE OF INCORPORATION, ARTICLES & BYLAWS

State of Indiana
Office of the Secretary of State

Certificate of Incorporation
of
FUSION ED HIGH SCHOOL, INC

I, CONNIE LAWSON, Secretary of State, hereby certify that Articles of Incorporation of the above Domestic Nonprofit Corporation have been presented to me at my office, accompanied by the fees prescribed by law and that the documentation presented conforms to law as prescribed by the provisions of the Indiana Code.

NOW, THEREFORE, with this document I certify that said transaction will become effective Friday, August 10, 2018.

In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, August 10, 2018

Connie Lawson

CONNIE LAWSON
SECRETARY OF STATE

201808101272377 / 7992902

To ensure the certificate's validity, go to https://bsd.sos.in.gov/PublicBusinessSearch

APPROVED AND FILED
CONNIE LAWSON
INDIANA SECRETARY OF STATE
08/10/2018 12:13 PM

ARTICLES OF INCORPORATION

Formed pursuant to the provisions of the Indiana Code.

ARTICLE I - NAME AND PRINCIPAL OFFICE ADDRESS

BUSINESS ID	201808101272377
BUSINESS TYPE	Domestic Nonprofit Corporation
BUSINESS NAME	FUSION ED HIGH SCHOOL, INC
PRINCIPAL OFFICE ADDRESS	200 Byrd Way, Suite 205, Greenwood, IN, 46143, USA

ARTICLE II - REGISTERED OFFICE AND ADDRESS

REGISTERED AGENT TYPE	Business Commercial Registered Agent
NAME	INCORP SERVICES, INC.
ADDRESS	200 Byrd Way , Suite 205 , Greenwood, IN, 46143, USA

ARTICLE III - PERIOD OF DURATION AND EFFECTIVE DATE

PERIOD OF DURATION	Perpetual
EFFECTIVE DATE	08/10/2018
EFFECTIVE TIME	08:41AM

ARTICLE IV - PRINCIPAL(S)

TITLE	Director
NAME	Mary Douglass
ADDRESS	1602 W Northgate Street, Indianapolis, IN, 46228, USA
TITLE	Director
NAME	Jerrell M. Wiggins
ADDRESS	30 E Georgia Street, #210, Indianapolis, IN, 46204, USA
TITLE	Director
NAME	Trenton Williams
ADDRESS	HH 3100, 1309 E 10th Street, Bloomington, IN, 47405, USA

APPROVED AND FILED
CONNIE LAWSON
INDIANA SECRETARY OF STATE
08/10/2018 12:13 PM

ARTICLE V - INCORPORATOR(S)

NAME	Yvonne Adkins
ADDRESS	9219 US HWY 42, D210, Prospect, KY, 40059, USA

ARTICLE VI - GENERAL INFORMATION

STATEMENT OF PURPOSE

Subject to the bylaws, the Corporation is organized, and will be operated, exclusively for charitable, educational, and scientific purposes within the meaning of 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future federal tax code (the "Code"), and the laws of the State of Indiana, as follows: a. To form, maintain and provide a school exclusively for educational, literary, scientific, and related teaching services of all kinds that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended, and to receive and maintain real or personal property, or both, to use and apply the whole or any part of the income therefrom and the principal thereof exclusively for the purposes set forth hereinabove. b. In addition, the Corporation may engage in other charitable and educational activities described in 501(c)(3) and 170(c)(2) of the Code. c. In carrying out its charitable, educational, and scientific purposes, the Corporation shall have all of the powers that may be conferred upon nonprofit corporations formed under the laws of the State of Indiana to carry out such purposes. In carrying out its charitable, educational, and scientific purposes, the Corporation shall have authority to receive and maintain real and tangible or intangible personal property and shall use and apply all or any part of such property and/or the income therefore exclusively for charitable, educational, and scientific purposes within the meaning of 501(c)(3) and 170 (c)(2) of the Code.

TYPE OF CORPORATION	Public benefit corporation, which is organized for a public or charitable purpose
WILL THE CORPORATION HAVE MEMBERS?	No

DISTRIBUTION OF ASSETS

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the Corporation, dispose of all the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, education, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any of such assets not so disposed of shall be disposed by the court of the county in which the principal office of the Corporation is located, exclusively for such purposes, or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

APPROVED AND FILED
CONNIE LAWSON
INDIANA SECRETARY OF STATE
08/10/2018 12:13 PM

SIGNATURE

THE SIGNATOR(S) REPRESENTS THAT THE REGISTERED AGENT NAMED IN THE APPLICATION HAS CONSENTED TO THE APPOINTMENT OF REGISTERED AGENT.

THE UNDERSIGNED, DESIRING TO FORM A CORPORATION PURSUANT TO THE PROVISIONS OF THE INDIANA NONPROFIT CORPORATION ACT, EXECUTE THESE ARTICLES OF INCORPORATION.

IN WITNESS WHEREOF, THE UNDERSIGNED HEREBY VERIFIES, SUBJECT TO THE PENALTIES OF PERJURY, THAT THE STATEMENTS CONTAINED HEREIN ARE TRUE, THIS DAY **August 10**, **2018**.

SIGNATURE	J Brandon Johnson
TITLE	Legal Representative

Business ID : 201808101272377
Filing No : 7992902

Bylaws/Code of Regulations
Of
Fusion Ed High School, Inc

Article I
General

Section 1. NAME

The name of this Indiana nonprofit corporation shall be Fusion Ed High School, Inc (hereinafter the "Corporation" or "School").

Section 2. OPERATION, OBJECTIVES, AND GUIDING PRINCIPLES

Subject to all of the terms and conditions set forth in these Bylaws, the Corporation is organized, and will be operated, exclusively for charitable, educational, and scientific purposes within the meaning of 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future federal tax code (the "Code"), and the laws of the State of Indiana, as follows:

a. To form, maintain and provide a school exclusively for educational, literary, scientific, and related teaching services of all kinds that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended, and to receive and maintain real or personal property, or both, and subject to the restrictions and limitations hereinafter set forth, to use and apply the whole or any part of the income therefrom and the principal thereof exclusively for the purposes set forth hereinabove.

b. In addition, the Corporation may engage in other charitable and educational activities described in 501(c)(3) and 170(c)(2) of the Code.

c. In carrying out its charitable, educational, and scientific purposes, the Corporation shall have all of the powers that may be conferred upon nonprofit corporations formed under the laws of the State of Indiana to carry out such purposes.

In carrying out its charitable, educational, and scientific purposes, the Corporation shall have authority to receive and maintain real and tangible or intangible personal property and shall use and apply all or any part of such property and/or the income therefore exclusively for charitable, educational, and scientific purposes within the meaning of 501(c)(3) and 170(c)(2) of the Code.

Mission

The mission of Fusion Ed High School is: "We change lives by training students in certifiable skills that lead to promising careers." Our objective is that students graduate with a diploma AND an industry recognized credential. We do this by combining academic programs and career training.

Vision

The vision of Fusion Ed High School is to ensure our students leave our school proud of their

accomplishments and hopeful about their future, equipped with the academic and career skills needed for lifelong success.

Philosophy

The Fusion Ed High School (FEHS) Educational Program is based upon the premise that at-risk students have different needs, learn at different rates, and have diverse learning styles which has not been addressed by traditional public schools and has caused many of these students to drop out of school.

This mission will be served by providing the School's students with an individualized and self-paced program set in a flexible environment that is responsive to its students' needs, and by providing an educational experience that leads to a high school diploma and a career or technical program certificate of completion that will lead to post-secondary success. FEHS will provide a comprehensive, positive educational experience that will impart to each student the knowledge, desire, and confidence needed to succeed in reaching his/her goals. The School will strive to motivate, teach, and guide each student through his/her educational growth and development. This will be accomplished by emphasizing the development of both cognitive and social skills.

Section 3. LOCATION

The Corporation's headquarters shall be located and maintained in the state of Indiana, or at such other location as the Board of Directors may from time to time determine.

Section 4. PROPERTY

The Corporation may purchase, lease, rent, accept as gifts or contributions, or otherwise receive, acquire and manage real and personal property in furtherance of its purposes.

Section 5. FISCAL YEAR

The fiscal year shall begin on July 1 and end on June 30 of each year.

Section 6. AUDIT

The fiscal records of the Corporation may be prepared each year by independent Certified Public Accountants and the report thereof made available to the Executive Director, the Board of Directors, and such other persons as may be necessary or appropriate. The level of the report shall be at least a review by the Certified Public Accountants, and the Board shall determine on an annual basis whether or not audited financial statements are appropriate. The Board shall comply with Indiana law for the purposes of fiscal oversight of the School.

Article II
Membership

The Corporation has no members. The rights which would otherwise vest in the members vest in the Board of Directors (the "Board") of the Corporation. Actions which would otherwise require approval by a majority of all members or approval by members require only approval of a majority of all directors.

Article III
Directors

Section 1. NUMBER

The Corporation shall have at least three (3) directors but not more than nine (9), as set forth below, plus non-voting ex officio directors, if any. Collectively they shall be known as the Board. Upon the action of the Board, these Bylaws may be amended by resolution to alter the size or composition of the Board of Directors.

Section 2. POWERS

Except when the law provides, the Articles or these Bylaws otherwise provided, all of the Corporation's powers and authority shall be vested in and exercised by the Board. To the extent permitted by law, any authority of the directors may be delegated to such persons or committees as the directors so acting may determine.

Section 3. DUTIES

It shall be the duty of the directors to:

a. Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation, or by these Bylaws;

b. Meet at such times and places as required by these Bylaws;

c. Register their postal addresses and email with the secretary of the Corporation, and notices of meetings mailed or emailed to them at such addresses shall be valid notices thereof;

d. serve on the Board of Directors, which is charged with the overall management and affairs of the Corporation.

Section 4. ELECTIONS AND TERMS OF OFFICE

a. The Lead Directors of the Corporation shall be:

Mary Etame
Jerrell Wiggins
Tamela Ingram-Hamer
Trent Williams

The Lead Directors shall serve until a full complement of Board of Directors is established.

b. The Board may elect any person who, in its discretion, it believes will serve the interests of the Corporation faithfully and effectively. All directors shall be residents of the State of Indiana during their tenure. At least one-half (1/2) of directors shall be residents of an Indiana county where a charter school(s) operated by the Corporation is located. No individual may serve on the Board if that individual has been convicted of any offense set

forth in I.C. § 20-26-5-11(b), the then equivalent statutory provision or of any offense substantially equivalent to any of the offenses listed in I.C. § 20-26-5-11(b) in which the judgment of conviction was entered under the law or any other federal or state jurisdiction unless the candidacy of such individual is approved by the School's Authorizer (as the term is defined in I.C. § 20-24-1-9) (the "School's Authorizer"). In order to effectuate this requirement, an expanded criminal history check (as defined by I.C. § 20-26-2-2) shall be performed for each director. If the organizer (as defined in I.C. § 20-24-1-7) ("Organizer") is leasing from a religious organization, no director of the religious board and no religious leader of the religious organization may simultaneously serve on the Board.

c. Director terms are staggered. Two of the initial five directors elected shall hold office for a period of five years, two directors shall hold office for a period of three years, and one or two directors shall hold office for a period of one year. Thereafter each director shall hold office for a period of up to three years and until his or her successor is elected and qualifies. No director will serve more than two (2) successive terms. Once a director has served two (2) full three (3)-year terms, at least one (1) year must elapse before the director again may be elected or appointed to the Board. Each director's term of office shall be specified at the time of election. The term of no more than 40% of the directors shall expire in the same year.

d. Any director may, by written notice to the Board of Directors, resign at any time. Any vacancy among the directors caused by death, resignation, removal, increase in the number of directors, or otherwise may be filled by a majority vote of the remaining directors. The term of office of a director chosen to fill a vacancy shall expire at the later of the expiration of the unexpired term which the director was chosen to fill, or at such time as a successor shall be duly appointed and qualified.

e. Any director may be removed by a majority vote of all of the remaining members of the Board of Directors with or without cause at any time pursuant to the provisions of I.C. § 23-17-12 et seq.

Section 5. *EX OFFICIO* DIRECTORS

The Chairperson of Board of Directors may appoint one or more *ex officio* members of the Board of Directors. The individual holding the office of Executive Director of the Corporation shall be an *ex officio* member of the Board. *Ex officio* members of the Board of Directors shall be entitled to a notice to be present in person, to present matters for consideration and to take part in consideration of any business by the Board of Directors at any meeting of the Board of Directors, shall not be counted for purposes of a quorum and shall have no voting rights for purposes of authorizing any act or transaction of business by the Board of Directors. Except for the individual holding the office of Executive Director of the Corporation (who shall serve so long as he or she is the Executive Director), the term of an *ex officio* Director shall be for such time as the Board of Directors shall designate.

Section 6. COMPENSATION

Any payments to directors shall be approved in advance in accordance with this Corporation's conflict of interest policy, as set forth in Article 9 of these Bylaws.

Section 7. ANNUAL AND REGULAR MEETINGS

Annual Meetings of the Board of Directors shall be held each year during the first quarter of each fiscal year at a time and place within the State of Indiana. Regular Meetings of the Board of Directors may be held at such other times and places as may be fixed by the directors; however, the Board of Directors will meet quarterly or bimonthly upon the call of the Chair, or any two other directors.

All regular and special meetings shall be held at the physical facility housing the charter school unless such facility is not reasonably available by reason of construction or casualty, in which event regular meetings shall be held at such location as may be approved in advance by the Board of Directors.

Section 8. SPECIAL MEETINGS

Special Meetings of the Board of Directors may be held at any time upon the written call of the Chair or at the written request of a majority of the directors entitled to vote on matters presented to the Board of Directors. Oral or written notice of the date, time, and place of each special meeting of the Board shall be communicated, delivered, or mailed by the Secretary of the Board of Directors, or by the person or persons calling the meeting, to each director of the Board so that such
notice is effective at least twenty-four (24) hours before the date and time of the meeting and complies with the Indiana Open Door Law. The notice must describe the purpose of the special meeting.

Section 9. NOTICE OF MEETINGS

Except for Special Meetings, written notice of any Board of Directors Meeting shall be given to the directors at least forty-eight (48) hours prior to such meeting and shall set forth the reasons therefore. Notice of any Special Meeting may be made other than by written notice when circumstances dictate.

Whenever any notice of a meeting is required to be given to any director of this Corporation under provisions of the Articles of Incorporation, these Bylaws, or the Indiana Open Door Law I.C. §§ 5-14-1.5-1 *et seq.*, a waiver of notice in writing signed by the director, whether before or after the time of the meeting, shall be equivalent to the giving of such notice. The written waiver shall be filed with the minutes or the corporate records.

The Board shall ensure compliance with Indiana's Open Door Law and shall follow the following guidelines as it related to the posting of meeting notices:

The Secretary of the Board of Directors, or a designated representative, shall cause and/or direct an administrator of the School post notice of a meeting in the following manners:

1. **Regular Meetings:** Notice of regular meetings, including the agenda for such meeting if applicable, shall be posted (i) on the main entrance of the location of the meeting and the principal office of the School no less than forty-eight (48) hours prior to the date of the meeting; (ii) notice will be provided to any news media that requests notification no less than forty-eight (48) hours prior to the date of the meeting; and (iii) notice will be provided via e-mail to any person requesting advanced notice of meetings no less than forty-eight (48) hours prior to the date of the meeting.

2. **Special Meetings:** Notice of special meetings, including the agenda for such meeting if applicable, shall be posted (i) on the main entrance of the location of the meeting and the

principal office of the School no less than 24 hours prior to the date of the meeting; (ii) notice will be provided to any news media that requests notification no less than 24 hours prior to the date of the meeting; and (iii) notice will be provided via e-mail to any person requesting advanced notice of meetings no less than 24 hours prior to the date of the meeting.

3. **Emergency Meeting:** Notice of emergency meetings to deal with an emergency involving actual or threatened injury to person or property, or actual or threatened disruption of the governmental activity under the jurisdiction of the School by any event, including the agenda for such meeting if applicable, shall be posted (i) on the main entrance of the location of the meeting and the principal office of the School immediately and prior to the start of the meeting; (ii) notice will be provided to any news media that requests notification immediately and prior to the start of the meeting; and (iii) notice will be provided via e-mail to any person requesting advanced notice of meetings immediately and prior to the start of the meeting.

Section 10. WAIVER OF NOTICE

Notice of any meeting of the Board may be waived in writing, either before or after the holding of such meeting, by any Board of Director, which writing shall be filed with or entered upon records of the meeting. The attendance of any Board of Director at any meeting of the Board without protesting, prior to or at the commencement of the meeting, the lack of proper notice, shall be deemed to be a waiver of notice of such meeting.

Attendance at or participation in any meeting of the Board shall constitute a waiver of lack of notice or defective notice of such meeting unless the director shall, at the beginning of the meeting or promptly upon the director's arrival, object to holding the meeting and not vote for or assent to any action taken at the meeting.

Section 11. ACTION WITHOUT A MEETING AUTHORIZED

The Board may authorize actions by means of a writing or writings signed by all of the directors, without a meeting, if the writing(s) describe the action taken, are signed by each director, and are included in the minutes or filed with the corporate records reflecting the action taken. Notwithstanding this provision, the Board shall strive to not take final action without a public meeting in accordance with the Indiana Open Door Law.

Section 12. QUORUM FOR MEETINGS

Except as otherwise provided in these Bylaws, the minimum number of directors necessary to constitute a quorum for the transaction of business at any meeting shall be a majority of the directors entitled to vote who are then in office.

Section 13. MAJORITY ACTION AS BOARD ACTION

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the Articles of Incorporation, these Bylaws, or provisions of law require a greater percentage or different voting rules for approval of a matter by the Board.

Section 14. CONDUCT OF MEETINGS

Meetings of the Board shall be presided over by the Chair or any director chosen by the Board.

The Chair shall employ such rules of order as the Chair deems appropriate in conducting meetings, except that each item placed for vote or other action shall be placed before the Board by motion of a member of the Board other than the Chair with a second by another member of the Board other than the Chair.

Section 15. BOARD MEETING ATTENDANCE

All directors are expected to attend all of the meetings of the Board of Directors. However, the Board recognizes individuals may have conflicts from time to time. If a director cannot attend a meeting of the Board, the director shall inform the Board President, within a reasonable time period prior to the meeting, of the reason for the absence.

If a director fails to attend three (3) consecutive meetings of the Board of Directors without providing appropriate prior notice, the Board President shall contact the Board member in question to assess the reason(s) for the absences. Based upon the rationale provided, the Board President may recommend action to the Board of Directors up to and including removal of the director from the Board.

Meetings of the Board of Directors may be held through communications equipment provided that all persons participating in such meeting can hear and otherwise communicate with each other. Such participation shall constitute presence at such a meeting.

A member of the Board who is not physically present at a meeting may participate in a meeting by electronic communication only if the following conditions are satisfied:

(A) The electronic communication permits simultaneous communication among:
   i. The director participating by electronic communication;
   ii. All other directors of the Board who are participating in the meeting;
   iii. The members of the public physically present at the place where the meeting is conducted, and
(B) There must be two Board directors or one-third of the board (whichever is greater) physically present at the place where the meeting is conducted.
(C) Each Board director shall physically attend at least fifty percent (50%) of meetings annually.
(D) All votes taken by the Board during the meeting must be taken by roll call vote.
(E) Any Board director(s) who participate(s) by electronic communication must submit a confirmation in writing to the Chairperson or a designee, of the Board member's votes cast by no later than seven (7) days after the date of the meeting.

Unless the foregoing provides otherwise, a Board director who participates in a meeting by electronic communication enjoys the same level of participation as a director who is physically present at the location where the meeting is conducted; that is, the director is considered to be present at the meeting, shall be counted for purposes of establishing a quorum, and may vote at the meeting.

Nothing in this section affects the Board's right to exclude the public from an executive session in which a member participates by electronic communication. Further, nothing stated herein relieves the Board from its notice obligations under the Indiana Open Door Law, Ind. Code §§ 5-14-1.5-1 *et seq*.

Section 16. NONLIABILITY OF DIRECTORS

The directors shall not be personal liable for the debts, liabilities, or other obligations of the Corporation.

Article IV
Officers

Section 1. DESIGNATION OF OFFICERS

The officers of the Corporation shall be a chair, a vice chair, a secretary, and a treasurer. The Corporation may also have one or more vice chairs, assistant secretaries, assistant treasures, and other such officers with such titles as may be determined from time to time by the Board of Directors.

Section 2. QUALIFICATIONS AND AUTHORITY OF OFFICERS

The Officers of the Corporation may, but do not need to, be directors of the Corporation. Officers of the Corporation shall have such authority as may be specified from time to time by the directors.

Section 3. ELECTION AND TERM OF OFFICE

Officers shall be elected by the Board of Directors, at any time, and each officer shall hold office for a period of one year, until he or she resigns, or is removed, or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

Section 4. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the Board of Directors, at any time. Any officer may resign at any time by giving written notice to the Board of Directors or to the chair or secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board of Directors relating to the employment of any officer of the Corporation.

Section 5. VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the Board of Directors. In the event of a vacancy in any office other than that of Chair, such vacancy may be filled temporarily by appointment by the Chair unless such time as the Board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the Board may or may not be filled as the board shall determine.

Section 6. DUTIES OF CHAIRPERSON

The Chairperson ("Chair"), subject to the control of the Board of Directors, shall supervise and control the affairs of the Corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be required by law, by the Articles of

Incorporation, or by these Bylaws, or which may be prescribed from time to time by the Board of Directors. Unless another person is specifically appointed as chairperson of the Board of Directors, the Chair shall preside at all meetings of the Board of Directors and, if this Corporation has members, at all meetings of the members.

Section 7. DUTIES OF VICE CHAIR

In the absence of the Chair, or in the event of his or her inability or refusal to act, the Vice Chair shall perform all the duties of the Chair, and when so acting shall have all the powers of, and be subject to all the restrictions on, the Chair. The Vice Chair shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these Bylaws, or as may be prescribed by the Board of Directors.

Section 8. DUTIES OF SECRETARY

The secretary shall:

Certify and keep at the principal office of the Corporation the original, or a copy, of these Bylaws as amended or otherwise altered to date.

Keep at the principal office of the Corporation or at such other place as the Board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. Be custodian of the records and of the seal of the Corporation and affix the seal, as authorized by law or the provisions of these Bylaws, to duly executed documents of the Corporation.

Exhibit at all reasonable times to any director of the Corporation, or to his or her agent or attorney, on request therefore, the Bylaws and the minutes of the proceedings of the directors of the Corporation.

Authenticate records of the Corporation as necessary and as required by I.C. 23-17-14-1.

In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

Section 9. DUTIES OF TREASURER

The treasurer shall:

Oversee the School's fiscal officer in his/her charge and custody of, and his/her responsibility for, all funds and securities of the Corporation, and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors.

Oversee the School's fiscal officer in his/her receiving, and giving receipt for, monies due and payable to the Corporation from any source whatsoever.

Oversee the School's fiscal officer in his/her disbursements, or cause to be disbursed, the funds of the Corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements.

Oversee the School's fiscal officer in his/her keeping and maintaining adequate and correct accounts of the Corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses.

Oversee the School's fiscal officer in his/her exhibits, at all reasonable times, the books of account and financial records to any director of the Corporation, or to his or her agent or attorney, on request therefore.

Oversee the School's fiscal officer in his/her rendering to the Chair and directors, whenever requested, an account of any or all transactions and of the financial condition of the Corporation.

Oversee the School's fiscal officer in his/her preparation, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, Oversee the School's fiscal officer in his/her performance of duties incident to the School financials and such other duties as may be required by law, by the Articles of Incorporation of the Corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

Article V
Committees

Section 1. EXECUTIVE COMMITTEE

The Board of Directors may, by a majority vote of its members, designate an Executive Committee consisting of not less than two (2) but no more than five (5) board members and may delegate to such committee the powers and authority of the Board in the management of the business and affairs of the Corporation, to the extent permitted, and, except as may otherwise be provided, by provisions of law.

By a majority vote of its members, the Board may fill vacancies on the Executive Committee with members of the Board. The Executive Committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board from time to time as the Board may require.

Section 2. OTHER COMMITTEES

The Corporation shall have standing committees and other such committees as may from time to time be designated by resolution of the Board of Directors. Standing committees include the Executive Committee or Governance Committee, a Finance/Audit Committee and an Education Committee. These committees may consist of persons who are not also members of the Board and shall act in an advisory capacity to the Board.

The creation of a committee and the appointment of committee members must be approved by the

greater of (a) a majority of all the directors in office when the action is taken, or (b) the number of directors required by the Articles or these Bylaws to take action under the provisions of I.C § 23-17-15-6.

A committee member appointed by the Board may be removed by the Board with or without cause.

Section 3. MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, noticed, held, and taken in accordance with the provisions of these Bylaws concerning meetings of the Board of Directors and I.C. § 23-17-12 *et. seq.*, with such changes in the context of such bylaw provisions as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular and special meetings of committees may be fixed by resolution of the Board of Directors or by the committee. The Board of Directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws.

Article VI
Indemnification and Insurance

Section 1. GENERAL INDEMNIFICATION

To the extent allowed by law, the Corporation: (a) shall indemnify any person (and the heirs and personal representatives of such person) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether, civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director or volunteer of the Corporation, or while a director or volunteer of the Corporation is or was serving at the request of the Corporation as a director, trustee, fiduciary, officer, employee, partner, joint venturer, agent, or volunteer of any other corporation domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, employee benefit plan or other enterprise; and (b) may indemnify or agree to indemnify any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than any action by or in the right of the Corporation) by reasons of the fact that he or she is or was an officer, employee, or agent of the Corporation, or while an officer, employee, or agent of the Corporation is or was serving at the request of the Corporation as a director, trustee, fiduciary, officer, employee, partner, joint venturer, agent or volunteer of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, employee benefit plan or other enterprise, against all liability, reasonable expense (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with or resulting from such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believes to be in or not opposed to the best interest of the Corporation (or, in any case not involving the person's official capacity with the Corporation, in what the person reasonably believed to be the best interests of the Corporation), and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful (or had reasonable cause to believe that the alleged criminal conduct was lawful). The termination of any action, suit or proceeding by judgment, order settlement (whether with or without court approval), or conviction, upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner he or she

reasonably believes to be in or not opposed to the best interest of the Corporation, and with respect to any criminal action or proceeding, the person had reasonable cause to believe that the conduct was unlawful.

Section 2. SUITS BY THE CORPORATION

The Corporation may indemnify or agree to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee, agent or volunteer of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, fiduciary, officer, employee, partner, joint venturer, agent or volunteer of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believes to be in or not opposed to the best interest of the Corporation.

No such indemnification shall be made in respect of any claim, issue or matter as to which such person is adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court of common pleas, or the court in which such action or suit was brought, determined upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonable entitled to indemnity for such expense as the court of common pleas or such other court shall deem proper.

Section 3. INDEMNIFICATION FOR EXPENSES

To the extent that a Director, officer, employee, agent or volunteer has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.1 and 6.2, he or she shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by the individual in connection with the action, suit or proceeding.

Section 4. DETERMINATION REQUIRED

Any indemnification under Section 6.1 and 6.2 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that the indemnification of the Director, officer, employee, agent or volunteer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 6.1 and 6.2. Such determination shall be made by any one of the following: (a) the Board of Directors by a majority vote of a quorum consisting of directors, who were not and are not parties to, or threatened with, such action, suit or proceeding; (b) if such a quorum is not obtained or if a majority of a quorum of disinterested directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Corporation or any person to be indemnified within the past five years; (c) the Members; or (d) the court of common pleas or the court in which the action, suit or proceeding was brought. If any action by or in the right of the Corporation is involved, any determination made by the disinterested directors or by the independent legal counsel under this Section 6.4 shall be communicated promptly to the person who threatened or brought the action or suit by or in the right of the Corporation under Section 6.2, and such person shall have the right, within ten days after receipt of such notification, to petition the court of common pleas or the court in which action or suit was brought to review the reasonableness of such determination.

Section 5. ADVANCES FOR EXPENSES

(a) Expenses (including attorney's fees) incurred by a director or a volunteer in defending any civil or criminal action, suit or proceeding referred to in Section 6.1 and 6.2 of this Article VI, may be paid by the Corporation as they are incurred, in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or volunteer in which he or she agrees to: (i) repay such amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that his or her action or failure to action involved in act or omission undertaken with deliberate intent to cause injury to the Corporation or undertaken with reckless disregard for the best interest of the Corporation; and (ii) reasonably cooperate with the Corporation concerning the action, suit or proceeding.

(b) Expenses (including attorney's fees) incurred by a director, officer, employee, agent or volunteer in defending any action, suit or proceeding referred to in Section 6.1 and 6.2 of this Article VI may be paid by the Corporation as they are incurred in advance of the final disposition of the action, suit or proceeding as authorized by the director in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee, agent or volunteer to repay such amount of it is ultimately determined that he or she is not entitled to be indemnified by the Corporation.

Section 6. NOT EXCLUSIVE

The indemnification authorized by this Article VI shall not be deemed exclusive of, and shall be in addition to, any other rights granted to those seeking indemnification under the Articles, common law, the Nonprofit Corporation Law of the State of Indiana, these Bylaws or any agreement, vote of Members or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee, agent or volunteer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. INSURANCE

The Corporation may purchase and maintain insurance or furnish similar protection, including but not limited to trust funds, letters of credit or self-insurance, on behalf or for any person who is or was a Director, officer, employee, agent or volunteer of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, fiduciary, officer, employee, partner, joint venturer, agent or volunteer of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provision of this Article VI. Insurance may be purchased from or maintained with a person in which the Corporation has financial interest.

Section 8. SECTIONS 1 AND 2

The authority of the Corporation to indemnify persons pursuant to Sections 1 and 2 of this Article VI does not limit the payment of expenses as they are incurred, indemnification, insurance or other protection that may be provided pursuant to another Section of Article VI. Sections 1 and 2 of this Article VI do not create any obligation to repay or return payments made by the Corporation under other Sections of this Article VI.

Section 9. DEFINITION OF "THE CORPORATION"

As used in this Article VI, references to "the Corporation" include all constituent corporations in a consolidation or merger, and the new or surviving corporation, so that any person who is or was a trustee, director, officer, employee, agent or volunteer of such a constituent corporation, or is or was serving at the request of such constituent corporation as a director, trustee, fiduciary, officer, employee, partner, joint venturer, agent or volunteer of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provision of this Article VI with respect to the new or surviving corporation in the same capacity.

Article VII
Corporate Records, Reports, and Seal

Section 1. MAINTENANCE OF CORPORATE RECORDS

The Corporation shall keep at its principal office:

a. Minutes of all meetings of directors, committees of the Board, and, if this Corporation has members, of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;

b. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;

c. A record of its members, if any, indicating their names and addresses and, if applicable, the class of membership held by each member and the termination date of any membership;

d. A copy of the Corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the members, if any, of the Corporation at all reasonable times during office hours.

Section 2. CORPORATE SEAL

The Board of Directors may adopt, use, and at will alter, a corporate seal; however, a seal shall not be required. Such seal shall be kept at the principal office of the Corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

Section 3. DIRECTORS' INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Corporation, and shall have such other rights to inspect the books, records, and properties of this Corporation as may be required under the Articles of Incorporation. In addition, the public shall have the right to inspect and copy records pursuant to Indiana Access to Public Records Act.

Section 4. RIGHT TO COPY AND MAKE EXTRACTS

Any inspection under the provisions of this article may be made in person or by agent or attorney and the right to inspect shall include the right to copy and make extracts.

Section 5. PERIODIC REPORT

The Board shall cause any annual or periodic report required under law to be prepared and delivered to an office of this state or to the members, if any, of this Corporation, to be so prepared and delivered within the time limits set by law.

Article VIII
IRC 501(c)(3) Tax Exemption Provision

Section 1. LIMITATIONS ON ACTIVITIES

No substantial part of the activities of this Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501(h) of the Internal Revenue Code), and this Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office. Notwithstanding any other provisions of these Bylaws, this Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

Section 2. PROHIBITION AGAINST PRIVATE INURNMENT

No part of the net earnings of this Corporation shall inure to the benefit of, or be distributable to, its members, directors or trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this Corporation.

Section 3. DISTRIBUTION OF ASSETS

Upon the dissolution of this Corporation, the Board of Directors shall return all remaining funds received from the Indiana Department of Education to the Department not more than thirty (30) days after dissolution. For other funds not received from the Department, the Board of Directors shall dispose of the assets of the Corporation in the following priority: first, to satisfy outstanding payroll obligations for employees of the Corporation, then to creditors of the Corporation, then to any outstanding debt to the common school fund. After paying or making provision for the payment of all the liabilities of the Corporation, the Board of Directors shall dispose of all the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law), as the Board of Directors shall determine. Any of such assets not so disposed of shall be disposed by the Court of Common Pleas of the county in which the principal office of the Corporation is then located, exclusively for such purposes, or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes. If the assets of the charter school are insufficient to pay all parties to whom the Corporation owes compensation, the priority of the distribution of assets

may be determined by a court.

Section 4. PRIVATE FOUNDATION REQUIREMENTS AND RESTRICTIONS

In any taxable year in which this Corporation is a private foundation as described in Section 509(a) of the Internal Revenue Code, the Corporation 1) shall distribute its income for said period at such time and manner as not to subject it to tax under Section 4942 of the Internal Revenue Code; 2) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code; 3) shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; 4) shall not make any investments in such manner as to subject the Corporation to tax under Section 4944 of the Internal Revenue Code; and 5) shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

Article IX
Conflict of Interest Policy

Section 1. PURPOSE

The purpose of the conflict of interest policy is to protect the School, an Indiana non-profit corporation and tax-exempt organization (the "Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or employee of the Organization or might result in a possible excess benefit transaction. It is the policy of the Corporation and its Board that the Corporation's directors, officers, and employees carry out their respective duties in a fashion that avoids actual, potential, or perceived conflicts of interest. The Corporation's directors, officers, and employees shall have the continuing, affirmative duty to report any personal ownership, interest, or other relationship that might affect their ability to exercise impartial, ethical, and business-based judgments in fulfilling their responsibilities to the Corporation. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. DEFINITIONS

A) Interested Person. Any director, principal officer, member of a committee with Corporate Board or Governing Board (collectively the "Board") delegated powers, or employee who has a direct or indirect financial interest, as defined below, is an interested person.

B) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;

2. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement; or

3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not

insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3 (B), a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

Section 3. PROCEDURES

A) Duty to Disclose.

An interested person must disclose any actual or potential conflict of interest disclose all material facts to the directors and members of committees with Board delegated powers considering the proposed transaction or arrangement. Disclosure is subject to the following principles:

1. Directors, officers, and employees of the Corporation shall conduct their duties with respect to potential and actual grantees, contractors, suppliers, agencies, and other persons transacting or seeking to transact business with the Corporation without favor or preference based upon any consideration other than the best interests of the Corporation.

2. Directors, officers, and employees of the Corporation shall not seek or accept for themselves or any of their relatives (including spouses, ancestors, and descendants, whether by whole blood, half blood, or marriage), from any person or business entity that transacts or seeks to transact business with the Corporation, any gifts, entertainment, or other favors relating to their positions with the Corporation that exceed common courtesies consistent with ethical and accepted business practices.

3. If a director, or a director's relative, directly or indirectly, owns a significant financial interest in, or is employed by, any business entity that transacts or seeks to transact business with the Corporation, the director shall disclose that interest or position and shall refrain from voting on any issue pertaining to the transaction.

4. Officers and employees of the Corporation shall not conduct business on behalf of the Corporation with a relative or a business entity in which the officer, employee, or a relative owns a significant financial interest or by which the officer, employee, or relative is employed, except where such dealings have been disclosed to, and specifically approved by, the Board.

5. Should the Board elect to engage a charter management organization ("CMO") to manage the School's operations, no director of the Board or any of their respective spouses or immediate family members may have any direct or indirect ownership, employment, contractual, or management interest in such CMO. All directors of the Board shall thoroughly familiarize themselves with the contract between the Corporation and the CMO and the rights and responsibilities of the parties thereunder.

B) Determining Whether a Conflict of Interest Exists.

After disclosure of the financial interest and all material facts, and after any discussion with the

interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

C) Procedures for Addressing the Conflict of Interest.

1. An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

2. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

3. After exercising due diligence, the Board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

D) Violations of the Conflicts of Interest Policy.

1. If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

3. The failure of the Corporation, its Board, or any of its directors, officers, or employees to comply with the conflict of interest provisions of these Bylaws shall not invalidate, cancel, void, or make voidable any contract, relationship, action, transaction, debt, commitment, or obligation of the Corporation that otherwise is valid and enforceable under applicable law.

4. The Corporation will comply with Education Department General Administrative Regulations (EDGAR) § 74.42. Employees engaged in the award and administration of contracts are subject to this policy. The Corporation shall comply and ensure that no employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved.

Section 4. RECORDS OF PROCEEDINGS

The minutes of the Board and all committees with board delegated powers shall contain:

A) The names of the persons who disclosed or otherwise were found to have a financial a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, the action taken to determine whether a conflict of interest was present, and the Board's or committees decision as to whether a conflict of interest in fact existed.

B) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5. COMPENSATION

Any compensation received by Board members will be in compliance with State and Federal laws and/or regulations, and only after a vote of the Board. No director of the Board shall receive any compensation for serving in such office; provided that, the Corporation may reimburse any director of the Board for reasonable expenses incurred in connection with service on the Board. Any such reasonable expenses that are not reimbursed by the Corporation shall be construed as a gift to the Corporation.

Section 6. DISCLOSURE STATEMENTS

Each director, officer and member of a committee with Board delegated powers, and employees shall complete and sign annually (or as otherwise scheduled by the Board) a disclosure statement which affirms such person:

A) Has received a copy of this Conflict of Interest Policy;

B) Has read and understands the Conflict of Interest Policy;

C) Has agreed to comply with the Conflict of Interest Policy; and

D) Understands the Organization is charitable, and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The Board shall be prepared to take appropriate action in the case of any actual or potential conflict of interest transaction due to non-disclosure of failure to disclose.

Section 7. PERIODIC REVIEWS

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

A) Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

B) Whether partnerships, joint ventures, and arrangements with management organizations

conform to the Organizations written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 8. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Article X
Compensation Policy

Section 1. PURPOSE

The Compensation Policy (the "Compensation Policy") of the School, an Indiana non-profit corporation and tax-exempt organization, has established this policy to ensure compliance with the Internal Revenue Service guidelines for approval of senior management compensation. The corporate Board of Directors of the School shall follow the following review and approval guidelines.

Section 2. INDIVIDUALS SUBJECT TO THIS POLICY ("COVERED INDIVIDUAL")

1. Chief Employed Executives: The individual or individuals who have the ultimate responsibility for implementing the decisions of the School's Board or for supervising the management, administration, or operations of the School, including the School's top management official and top financial official. If this ultimate responsibility resides with two or more individuals (i.e. co-presidents or co-treasurers) who may exercise such responsibility in concert or individually, than each individual shall be included.
2. Officers: The individual or individuals elected or appointed to manage the School's daily operations, such as president, vice-president, secretary or treasurer. The officers of an organization are determined by references to its organizing document, by-laws, and include, at a minimum, those officers required by applicable state law.
3. Key Employees: Individuals who are not a Chief Employed Executive or an Officer of the School, but who meet all of the following tests, applied in the following order:
    a. $150,000 Test: The individual receives reportable compensation[1] from the School and all related organizations[2] in excess of $150,000 for the calendar year ending with or within the tax year.

[1] Compensation that is reported on Form W-2, Box 5, or in Box 1 if the employee's compensation is not reported in Box 5, or Form 1099-MISC, Box 7, filed for the calendar year ending with or within the organization's tax year.

[2] An organization that stands in one or more of the following relationships to the filing organization: (1) Parent – an organization that controls the filing organization; (2) Subsidiary – an organization controlled by the filing the filing organization; (3) Supporting/Supported – an organization that is (or claims to be) at

b. Responsibility Test: At any time during the calendar year ending with or within the tax year:

i. has responsibilities, power or influence over the School as a whole that is similar to those officers, directors, or trustees;

ii. manages a discrete segment or activity of School that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or

iii. has or shares authority to control or determine 10% or more of the School's capital expenditures, operating budget, or compensation for employees.

c. Top 20 Test: In addition to meeting the $150,000 Test and the Responsibility Test, the individual is one of the top 20 most highly compensated employees (including all income from the School and related organizations) for the calendar year ending with or within the School's calendar year.

4. Highest Compensated Employees: One of the five highest compensated employees of the School whose reportable compensation (including all income from the School and related organizations) is greater than $100,000 for the calendar year ending with or within School's calendar year who are not also current officers, directors, or key employees of the School.

Section 3. PROCEDURE FOR APPROVING COMPENSATION

In reviewing and approving the compensation of any Covered Individuals the School's corporate Board of Directors, or a delegated committee of the corporate Board (the "Approval Body") will utilize the following process:

1. Impartial Decision Makers: The compensation arrangement must be approved in advance (before any payment is made) by the Approval Body of the School composed entirely of individuals who do not have conflict of interest with respect to the compensation arrangement (i.e. neither the executive whose compensation is being determined nor any of his/her family members may be present during the discussion/debate or participate in the vote).
2. Comparability Data: When the Approval Body is considering compensation to Covered Individuals, it must rely on comparability data that demonstrates the fair market value of the compensation in question (i.e. when creating compensation packages, the Approval Body must secure data that documents compensation levels for similarly qualified individuals in like positions at like organizations). This data may include the following:
    a. expert compensation studies by independent firms;
    b. written job offers for positions at similar organizations;
    c. documented telephone calls about similar positions at both non-profit and for-profit organizations.

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any time during the organization's tax year (i) a supporting organization of the filing organization within the meaning of Section 509(a)(3), if the filing organization is a supported organization within the meaning of Section 509(f)(3), or (ii) a supported organization, if the filing organization is a supporting organization.

3. Concurrent Documentation: The Approval Body must document how it reached decisions, including the data on which it relied. To qualify as Concurrent Documentation, written or electronic records of the Approval Body (i.e. meeting minutes) must note:

    a. the terms of the compensation and the date it was approved;

    b. the members of the Approval Body who were present during the debate on the compensation that was approved and those who voted on it;

    c. the comparability data obtained and relied upon and how the data was obtained; and

    d. any action taken with respect to the consideration by anyone who is otherwise a member of the Approval Body, but who had a conflict of interest with respect to the decision on the compensation.

Section 4. RECORDS

The School shall retain all records relating to compensation in accordance with the School's Record Retention and Destruction Policy and Indiana law.

Article XI
Code of Ethics Policy

Section 1. PURPOSE

The following Code of Ethics (the "Code") of the School, an Indiana non-profit corporation and tax exempt organization, is intended to guide ethical decision making by its directors, officers and staff members. The Code is based on the following key values:

1. Respect for all persons.
2. Transparency for our actions.
3. Responsibility for our decisions and their consequences.
4. Accountability for our actions.

    a. We are committed to being responsible, transparent and accountable for all our actions.
    b. We are committed to avoiding conflicts of interest.
    c. We are committed to complying with the spirit and the letter of all applicable laws.
    d. We are committed to treating our staff members with respect and fairness in a workplace that safeguards the rights and welfare of all.
    e. We are committed to a philanthropic and educational community that is transparent and accountable.

Section 2. POLICIES AND PROCEDURES SUPPORTING THE CODE OF ETHICS

The School has a number of policies and procedures in place to assume ethical conduct. The following are examples of the major policies and procedures that support and reflect our Code:

1. The School has a detailed Conflict of Interest Policy to protect its interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director or may result in a possible excess benefit transaction. If

any conflict is found, the officer or director must abstain from voting on the particular proposal and the abstaining officer or director is not counted toward a quorum for a vote.

2. The School will maintain an active audit committee. The audit committee selects the independent auditor; reviews the quality and integrity of the School's annual financial statements; oversees the performance of the School's internal accounting functions; and handles complaints and concerns regarding corporate accounting practices, internal controls and auditing matters in accordance with the School's Whistleblower Policy. All current members of the audit committee are financially literate.

3. There is no salary compensation of the officers and directors of the School except as provided within these Bylaws.

Article XII
Nondiscrimination Policy

Section 1. Nondiscrimination in Employment
The Corporation and School shall not discriminate on the basis of race, religion, national origin, sex, age, disability, or other protected category in accordance with applicable federal, state, and local laws in hiring or other employment practices of the School.

Section 2. Nondiscrimination in Educational Programs
The School shall be open to all students in its authorized geographic area on a space-available basis and admits students of any race, color, national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the School. The Corporation and School shall not discriminate on the basis of race, religion, national origin, sex, age, disability, or other protected category in accordance with applicable federal, state, and local laws in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other School administered programs. The School shall conduct all of its activities in accordance with applicable federal, state, and local anti-discrimination laws, as well as in accordance with all other laws and regulations applicable to the operation of charter public schools in the state of Indiana.

The School will ensure that this policy is placed in all literature of the School, including, but not limited to, public notices, student handouts, promotional materials, etc.

The School will maintain records to support this policy as required by Internal Revenue Procedure 75-50.

Article XIII
Document Retention and Destruction Policy

This policy reflects the minimum document retention requirements set forth to protect the School, an Indiana non-profit corporation and tax-exempt organization. The School shall comply with all applicable laws regarding record retention and destruction, including but not limited to the Indiana Public Access to Records Act and Family Educational Rights and Privacy Act.

Document Protection

Documents will be stored in a protected environment for the duration of the Document Retention Requirement. Computer backup media will be included.

Document Destruction

In accordance with Indiana law, documents that have been retained until the end of the Document Retention Requirement shall be destroyed by shredding after the destruction is approved by the appropriate process. Computer backup media that has been retained until the end of the Document Retention Requirement shall be destroyed by fire or other proven means to destroy such media.

Article XIV
Non-Profit Fundraising Policy

Section 1. PURPOSE

The Non-Profit Fundraising Policy (the "Fundraising Policy") of the School, an Indiana non-profit corporation and tax exempt organization, has established this policy to ensure the directors and officers honor the intentions of donors and ensure that their intentions are honestly fulfilled. As a part of the annual audit, the independent auditors will review any grant and contribution related correspondence and review financial transactions to ensure that any restrictions imposed were met.

Section 2. DONOR PRIVACY

All information concerning donors or prospective donors, including their names, addresses, telephone numbers, amount of their gifts and other information shall be kept strictly confidential by The School's directors, officers and staff unless permission is obtained from the donor to release such information.

Gifts and donations may be restricted by a donor for use in any specific service area and/or for any stated School purpose or program, and these requests must be honored.

Solicitations shall be free from undue influence or excessive pressure and shall be respectful of the needs and interests of the donor or prospective donor.

All fundraising solicitations shall include the following:

1. The School does not share, sell, trade or rent donor lists.
2. Include an option for the donor's gift to remain anonymous.

Section 3. ACCEPTANCE OF GIFTS

Whereas the School actively solicits gifts and grants to further the goals of the organization, there is the potential for controversy if certain gifts are accepted that could damage the ability for the School to accomplish its goals. The following procedures are adopted as policy:

1. All decisions to solicit and/or accept potentially controversial fits are to be made by the corporate Board of Directors, preferable prior to soliciting such gifts.
2. It is recognized that the School cannot generally ascertain whether the value of the gift was generated using commonly accepted ethical and moral standards. Furthermore, the School asserts that its primary responsibility is to use any gifts to further the organizations mission, goals and objectives.

When considering, soliciting and/or accepting gifts that might be potentially controversial, the corporate Board of Directors shall consider the following:

1. Will accepting the gift compromise any core values of the organization?
2. Will accepting the gift further the mission, goals and/or objectives of the organization and the donor?
3. Will there be a perceived conflict of interest for the organization?
4. Is there clear charitable intent and a commitment to serve the community? It is understood that it is usually appropriate for there to be tax incentives, community acceptance and publicity value for donors.
5. Will acceptance of the gift be inconsistent with other fundraising activities and/or gifts?
6. Will the reputation of the donor have a negative effect upon the reputation of the receiving organization?
7. If controversy develops, will it likely be significant enough to undermine the stability of the organization? If so, will there be a sufficient reservoir of community image and goodwill to allow the organization to continue to thrive?
8. Will the nature of the in-kind contribution create problems, such as in advertising or sponsorship?
9. Will the gift encourage or discourage others to give?
10. What will be the net effect on the bottom line?

Section 4. OUTSIDE PARTIES FUNDRAISING ON BEHALF OF THE SCHOOL

Outside organizations raising money without charge on behalf of the School must be reviewed and approved by the corporate Board of Directors.

Section 5. RECORDS

The School shall retain for a period of at least seven (7) years, all records relating to any gift or donation received in accordance with the School's Record Retention and Destruction Policy.

Article XV
Investment Policy

Section 1. PURPOSE

This Investment Policy (the "Investment Policy") of the School, an Indiana non-profit corporation and tax exempt organization, has established this policy in order to:

1. Define and assign the responsibilities of all involved parties.

2. Establish a clear understanding for all involved parties of the investment goals and objectives of Fund assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets.
4. Establish a basis for evaluating investment results.
5. Manage Fund assets according to prudent standards as established in common trust law.
6. Establish the relevant investment horizon for which the Fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

Section 2. DEFINITIONS

1. "Fund" shall mean the School's investment portfolio.
2. "Executive Committee" shall refer to the Committee authorized to administer the Fund as specified by the corporate Board of Directors of the School.
3. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over Fund management or any authority or control over management, disposition or administration of the Fund assets.
4. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund assets.
5. "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
6. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.
7. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Fund is 3-5 years.

Section 3. DELEGATION OF AUTHORITY

The School's Executive Committee is a Fiduciary and is responsible for directing and monitoring the investment management of Fund assets on behalf of the School. As such, the Executive Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant. The consultant may assist the Executive Committee in establishing investment policies, objectives, and guidelines; selecting Investment Managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. Investment Manager. The Investment Manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.
3. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.

4. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Executive Committee to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

No officer or director of the School shall act as Investment Management Consultant, Investment Manager, or Custodian.

The Executive Committee will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper Investment Managers, each Investment Manager should request modifications which they deem appropriate.

If such experts employed are also deemed to be Fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary.

Section 4. GENERAL INVESTMENT PRINCIPALS

1. Investments shall be made solely in the interest of the Fund.
2. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. Any attempt to engage in "market timing" will be avoided.
4. There shall be no short sales or trading on margin.
5. There shall be no options, including puts or calls, unless they are covered options.
6. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

Section 5. INVESTMENT MANAGEMENT POLICY

Preservation of Capital. Consistent with their respective investment styles and philosophies, Investment Managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

1. Risk Aversion. Understanding that risk is present in all types of securities and investment styles, the Executive Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the Investment Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
2. Adherence to Investment Discipline. Investment Managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.
3. Liquidity. The Fund will require the ability to deposit and withdraw funds on a continuous basis. Investment Managers therefore should make decisions that will maximize returns through short term investments, while understanding the need for liquidity.

4. Long Term Investments. A portion of the Fund's overall portfolio will be invested in long term growth mechanisms. This amount will be determined either as a percentage of the overall Fund or a fixed amount of the Fund by the Executive Committee on the advice of the Investment Managers.
5. Alternative Fund Sources. This Fund may receive funds from various sources which have their own specific investment policies in place. The sources of these funds may come from planned giving or estate planning, foundation sources or others. In these cases, this Investment Policy will be modified to reflect those conditions and subsequently guide Investment Managers in the handling of those specific funding mechanisms.

Section 6. INVESTMENT GOALS

In order to meet its needs, the School's investment objective emphasizes capital growth with some focus on income.

Section 7. SPECIFIC INVESTMENT GOALS

Over the investment horizon established in this statement, it is the goal of the aggregate Fund assets to exceed:

1. An absolute rate of return of 3-6%, including fixed income.

The investment goals above are the objectives of the aggregate Fund, and are not meant to be imposed on each investment account (if more than one account is used).

Section 8. DEFINITION OF RISK

The Executive Committee realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the School's assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in this statement of Investment Policy. The Executive Committee considers the tolerance for risk to be classified as medium. That is, comfortable with fluctuations in the portfolio, and the possibility of larger declines in value, in order to grow the portfolio over time. The School's risk/return trade-off is classified as moderate.

Section 9. ASSET ALLOCATION

Based on the School's profile, the asset allocation will be 40% Equity, 60% Fixed Income. Additionally, the following guidelines shall be followed:

1. Investment in any one company shall be limited to no more than 5% of the total Fund.
2. No more than 25% of the Fund shall be invested in any one industry.
3. The School shall not control any more than 10% of the stock in any one company.
4. The maximum remaining maturity on each bond is limited to 30 years.
5. There shall be no direct investment in gold, other commodities, and collectibles.
6. There shall be no direct investment in real estate partnerships.

Section 10. GUIDELINES FOR FIXED INCOME INVESTMENTS AND CASH EQUIVALENTS

The mutual funds selected have been evaluated by the Investment Management Consultant who conducted a screening process that includes both quantitative and qualitative criteria. Investment options are reviewed periodically to ensure that high-quality standards are maintained. The overall process seeks to ensure that the investment strategies implemented will be compatible with the School's return requirements and tolerance for risk.

Section 11. PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Management Consultant shall be compiled at least quarterly and communicated to the Executive Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Executive Committee intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate an Investment Manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Section 12. INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of Investment Policy, the Executive Committee plans to review this investment policy at least annually.

Section 13. RECORDS

The School shall retain all records relating to investments in accordance with the School's Record Retention and Destruction Policy.

Article XVI
Public Records Policy

Section 1. PURPOSE

The Public Records Policy (the "Records Policy") of the School, an Indiana non-profit corporation and tax exempt organization, has established this policy to ensure the directors and officers honor the Internal Revenue Service and Indiana statute requirements pertaining to disclosure and availability of required records.

Section 2. STATEMENT

Openness leads to a better informed citizenry, which leads to better government and better public policy. Consistent with the premise that government at all levels exists first and foremost to serve the interests of the people, it is the mission and intent of the School to at all times fully comply with and abide by both the spirit and the letter of Indiana's Public Access Laws and the Internal Revenue Service Taxpayer Bill of Rights II.

Section 3. INTERNAL REVENUE DISCLOSURE REQUIREMENTS

1. The School must make available for public inspection its exemption application. An exemption application includes the Form 1023, together with supporting documents and any letter or document issued by the IRS concerning the application.
2. In addition, the School must make available for public inspection and copying its annual return (Form 990) including any schedules, attachments, or supporting documents that relate to the imposition of tax or the unrelated business income of the organization.
3. If applicable, the School must make available for public inspection and copying any Form 990-T (Exempt Organization Business Income Tax Return) filed after August 17, 2006.
4. The School is not required to disclose Schedule K-1 of Form 1065 or Schedule A of Form 990-BL.
5. Documents must be available for a three-year period beginning with the due date of the return (including any extension of time for filing).
6. In response to a written *or* in-person request by an individual at the principal office of the School, a copy of the covered tax documents must be provided to the requester. If the request for copies is made in person, the request will generally be honored on the day of the request; if the request is written, then the School has thirty days to respond. (A request that is faxed, e-mailed or sent by private courier is considered a written request.)
7. The School may charge reasonable copying costs and the actual cost of postage before providing the copies. The School can charge no more than the Internal Revenue Service charges for copying (the Freedom of Information Act provides a rate of 20 cents per page). The law permits this, but the School must provide timely notice of the approximate cost and acceptable form of payment within seven days of receipt of the request. Acceptable forms of payment must include cash and money order (in the case of an in-person request) and certified check, money order, and personal check or credit card, in the case of a written request.

Section 4. INDIANA PUBLIC ACCESS LAWS DISCLOSURE REQUIREMENTS

In addition to the public disclosure requirements set forth by the Internal Revenue Service, the Indiana Access to Public Records Act ("APRA") (I.C. 5-14-1.5 *et. seq.)* provides additional requirements which the School shall follow. In sum:

Public records include any writing, paper, report, study, map, photograph, book, card, tape recording, or other material that is created, received, retained, maintained, or filed by or with the School and which is generated on paper, paper substitutes, photographic media, chemically based media, magnetic or machine readable media, electronically stored data, or any other material, regardless of form or characteristics. Thus, many different media formats and document types are considered public records which must be maintained per Indiana law, including electronic mail or email. All public records are subject to disclosure unless a legal exemption applies.

The School must acknowledge receipt of a request for public records in a legally mandated timeframe. If the request for records is made in writing (including an email, mail, or fax), the

School shall acknowledge receipt of the request within seven (7) calendar days. If the request for records is made verbally (including a request made in person or via telephone), the School shall acknowledge receipt of the request within twenty-four (24) hours. The response need only to acknowledge the request for the public records; production of the records is not required of the initial response.

After acknowledging the request, the School shall satisfy, request clarity, or deny the request within a "reasonable" timeframe.

A public records request must be made with "reasonable particularity." If it is not clear what records are being sought, the School must contact the requester for clarification, and should assist the requester in revising the request by informing the requester of the manner in which the School keeps its public records. It is the goal of the School that all requests for public records should be satisfied or denied within ten (10) business days following the School's receipt of the request.

In processing the request, the School does not have an obligation to create new records or perform new analysis of existing information. Redacting records may be necessary to protect sensitive information such as students' personally identifiable information.

While not exhaustive, there are two categories of records which the School should not or does not have to share with an individual requesting the records: confidential records and discretionary exemptions. Confidential records may not be released and include anything that is considered confidential per federal or state statute, trade secrets, court records declared confidential, social security numbers, and medical records. Under Indiana statute, the School is given discretion as to whether to share records such as law enforcement investigation records, employee personnel files, attorney-client work product, and more deliberative materials. This list is not exhaustive. The School should be consistent in its practices regarding production of discretionary records.

The School may charge a fee for the actual cost of providing the copy of the public record (only the cost of the paper and the per page cost of using the equipment). The School may require the fee to be paid in advance. However, if the individual only wants to inspect the requested records, then no fee may be charged. In processing a request for inspection of a public record, a School employee must accompany the requester during inspection to make certain original records are not taken or altered.

If the School wishes to deny a request, the denial should be in writing and should contain a citation to a specific authority for not disclosing the record. It will also need to give the name and title of the person responsible for the denial. Educational records are subject to additional disclosure requirements under the Family Educational Privacy and Rights Act ("FERPA") (20 U.S.C. § 1232g; 34 CFR Part 99) and Indiana special education regulations ("Article 7") (511 IAC 7-32 *et. seq.).*

Article XVII
Whistleblower Policy

Section 1. PURPOSE

The Code of Ethics (the "Code") of the School, an Indiana non-profit corporation and tax exempt organization, requires the directors, officers and staff members to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As staff members and representatives of the School, we must practice honesty and integrity in fulfilling our

responsibilities and comply with all applicable laws and regulations. It also is our responsibility to report violations of the Code in accordance with this Whistleblower Policy. No director, officer or staff member who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. The School has adopted this Whistleblower Policy to address the submission by directors, officers and staff members of complaints, concerns and suspected violations with respect to one or more of the following matters:

1. Questionable accounting, internal accounting controls and auditing matters.
2. Compliance with legal and regulatory requirements.
3. A violation or suspected violation of the School's Code of Ethics.
4. A retaliatory act against a director, officer or staff member who reports a suspected violation of any of the above matters.

Section 2. REPORTING RESPONSIBILITY

It is the responsibility of all directors, officers and staff members to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy. Under this policy, it is a disciplinary issue for a staff member to know of ethical misconduct and stay silent.

Section 3. NO RETALIATION

No director, officer or staff member who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. A staff member who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable staff members and others to raise serious concerns within the School prior to seeking resolution outside the organization.

Section 4. REPORTING VIOLATIONS

The Code addresses the School's open door policy and suggests that staff members share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, a staff member's supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with the Executive Director or anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected violations of the Code of Conduct to the Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the School's open door policy, individuals should contact the Compliance Officer directly.

Section 5. COMPLIANCE OFFICER

The School's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his/her discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee and is required to report to the audit committee at least annually on compliance activity. The School's Compliance Officer is the Superintendent, or his/her designee. If a director, officer or staff member thinks it is inappropriate to report a complaint, concern or

suspected violation to the Complaint Officer, the complainant should report such matters to the President of the Board of Directors.

Section 6. ACCOUNTING AND AUDITING MATTERS

In the event that a reported concern of complaint involves corporate accounting practices, internal controls or auditing matters, the Compliance Officer shall immediately notify the audit committee of the compliant and work with the audit committee until the matter is resolved. The audit committee shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing matters.

Section 7. ACTING IN GOOD FAITH

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly false will be viewed as a serious disciplinary offense.

Section 8. CONFIDENTIALITY

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Section 9. HANDLING OF REPORTED VIOLATIONS

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Section 10. ACKNOWELDGEMENT AND DISTRIBUTION OF POLICY

As it is the intent of the School to strive for high ethical conduct from all directors, officers and staff. The Board of Directors is particularly sensitive to individuals who hold management and governance positions of trust and confidence in fulfilling the mission and goals of the School. These sensitive positions include all officers, members of the Board of Directors, the Executive Director and key senior staff members designated by the Executive Director. Therefore, each of the above staff will receive a copy of this Policy, and any subsequent updates, and will be requested to acknowledge and sign this Code by July 1st of each year. This acknowledgement will be kept on file in the personnel files of each staff member and in the Board files for each Board member.

Section 11. RECORDS

The Compliance Officer shall retain for a period of at least seven (7) years, all records relating to any complaint, concern or suspected violation reported to him/her in accordance with this Whistleblower Policy.

Article XVIII

Employee Dismissal and Grievance Procedures

All employees of the School are and shall be at-will employees that may be terminated or whose contracts may be non-renewed for any reason, provided that the decision is not in violation of any applicable law. In the event the Building Leader or Superintendent intends to recommend the non-renewal of an employee's contract, s/he shall comply with applicable statutory and contractual non-renewal procedures. Any decision to terminate a staff member's employment contract shall be subject to review consistent with the grievance procedures.

Section 1. DEFINITIONS

For purposes of this grievance procedure, the following definitions shall apply:

"Workplace safety" refers to any condition of employment or duty, responsibility, or environmental hazard that may reasonably be viewed to affect an employee's health or the health of other employees. Workplace safety matters expressly include workplace harassment, including sexual harassment. In the event that an employee believes the safety of the workplace is compromised by harassment, s/he must first make a complaint concerning the matter and follow the procedures outlined in the School's Harassment Policies. Grievance timelines associated with workplace harassment do not begin to run until completion of an investigation and final action on the compliant by the administration.

"Termination" does not include voluntary resignation or retirement.

"Employee discipline" refers to unpaid suspensions and written reprimands, but excludes performance conferences/evaluations, staff assignments, oral reprimands (unless a written record of the reprimand is placed in the employee's file).

"Grievance" shall mean a dispute concerning an employee's discipline or termination of employment, or a dispute concerning workplace conditions that affect workplace safety. Only one subject matter shall be covered in any one grievance.

Section 2. GRIEVANCE PROCEDURE

It is the policy of the School to treat all employees equitably and fairly in matters affecting their employment. Each employee of the School shall be provided an opportunity to understand and resolve matters affecting employment that the employee believes to be unjust. This section shall apply to all regular full-time, part-time, limited, temporary, and seasonal employees not covered by a collective bargaining. This procedure is available in the case of any employee's disagreement with discipline or termination of employment, as well as any matter relating to workplace safety.

All employee grievances must be filed, in written form, by the aggrieved employee(s). The grievance must be filed within five (5) working days after the employee knew or should have known of the cause of such grievance.
A written grievance shall contain:

A. the name and position of the grievant;
B. a clear and concise statement of the grievant;
C. the issue involved;
D. the relief sought;
E. the date the incident or violation took place;

F. the specific section of the Staff/Employee Handbook alleged to have been violated;
G. the signature of the grievant and the date.

The following procedures shall be followed:

STEP 1- APPEAL TO SUPERINTENDENT

The employee may, within five (5) working days of the date of an employee dismissal, termination or non-renewal is issued, present his/her grievance in writing to the Superintendent. This grievance shall fully state the details of the problem and suggest a remedy. The Superintendent shall, within five (5) working days of receipt of the grievance, meet and discuss the grievance with the employee and then reply in writing within ten (10) working days.

STEP 2 – APPEAL TO BOARD GRIEVANCE/DUE PROCESS COMMITTEE

In the event the matter is not resolved to the employee's satisfaction by the Superintendent, the employee may, within five (5) working days of the date of the written decision of the Superintendent, request in writing that the matter be heard before the Board Grievance/Due Process Committee. The Chair of the Board Due Process/Grievance Committee shall conduct the hearing. The Chair of the Board Due Process/Grievance Committee may also appoint a second hearing officer or a panel of hearing officers from the current roster of School Board members, of which said panel must consist of less than a majority of the total members of the School Board. The Chair of the Board Due Process/Grievance Committee shall delegate to the Superintendent the responsibility to arrange for a venue and logistical implementation for such hearing to occur. Each grievance shall be heard by the Board Due Process/Grievance Committee and such hearings shall be private. The employee and the Superintendent may present witnesses, and each side may select one individual to attend the hearing as a representative. Any employee representative selected shall be at no expense to the School. The Board Due Process/Grievance Committee may only consider the matter(s) as grieved and presented to him/her/them in the initial grievance filed by the employee. The decision will apply exclusively to the employee presenting the grievance. The Board Due Process/Grievance Committee shall issue a written decision within ten (10) working days of the hearing of the grievance via U.S. Certified Mail.

STEP 3 – APPEAL TO THE BOARD

In the event that the employee is dissatisfied with the Board Due Process/Grievance Committee decision, s/he may, within ten (10) working days of receipt of the decision, appeal the grievance(s) in writing, to the full Board of Directors, of which a majority of the Board shall hear the matter at its next regularly scheduled Board meeting, unless postponed by mutual agreement. The Board shall, after discussion with appropriate personnel and after hearing the grievance from the employee in an Executive Session, make a decision by majority vote, which shall be final. The grievant shall be notified, in writing, of the final decision within ten (10) working days, via US Certified Mail.
This procedure constitutes the exclusive process for the redress of any employee grievances.

However, nothing in this grievance procedure shall prevent any employee from addressing concerns regarding matters not subject to the grievance procedure with school administration, and employees are encouraged to do so.

Time limits contained in this grievance procedure outlined above may be extended by the written mutual consent of the parties. If any applicable time limit for advancing the grievance to the next

step in the process is not met, the grievance shall be deemed resolved. Each employee shall be afforded any opportunity to be represented at each step of the grievance procedure by a representative of the employee's choice and at no expense to the School.

Article XIX
Adoption, Amendment, or Repeal of Bylaws

Subject to the power of the members, if any, of this Corporation to adopt, amend, or repeal the Bylaws of this Corporation and except as may otherwise be specified under provisions of law, these Bylaws may be altered, amended, or repealed and new bylaws adopted by approval of the Board of Directors. If the Board of Directors wishes to adopt, amend, or repeal the Bylaws of this Corporation, written notice of the proposed change will be provided to the Authorizer in advance of adoption, amendment, or repeal.

Article XX
Construction and Terms

If there is any conflict between the provisions of these Bylaws and the article of incorporation of this Corporation, the provisions of the Articles of Incorporation shall govern.

Should any of the provisions or portions of these Bylaws be held unenforceable or invalid for any reason, the remaining provisions and portions of these bylaws shall be unaffected by such holding.

All references in these Bylaws to the Article of Incorporation shall be to the Articles of Incorporation, certification of incorporation, organizational charter, corporate, charter, or other founding document of this Corporation filed with an office of this state and used to establish the legal existence of this Corporation.

All references in these Bylaws to a section or sections of the Internal Revenue Code shall be to such sections of the Internal Revenue Code of 1986, as amended from time to time, or to corresponding provisions of any future federal tax code.

[End of Document]

ATTACHMENT 13

Fusion Ed High School - Statement of Assurances

The charter school (Organizer) agrees to comply to all of the following provisions: (*Read and check)*

X☐ 1. A resolution or motion has been adopted by the charter school Organizer's governing body that authorizes the submission of this application, including all understanding and assurances contained herein, directing and authorizing the Organizer's designated representative to act in connection with the application and to provide such additional information as required.

X☐ 2. Organizer operates (or will operate if not yet open) a charter school in compliance with all federal and state laws, including the Indiana Charter Schools Law as described in all relevant sections of IC § 20-24.

X☐ 3. Organizer will comply with the Open Door Law as described in IC § 5-14-1.5.

X☐ 4. Organizer will, for the life of the charter, participate in all data reporting and evaluation activities as required by Ball State University (BSU) and the Indiana Department of Education. See in particular IC § 20-20-8-3 and relevant sections of IC § 20-24.

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X☐ 7. Organizer shall ensure that a student's records, and, if applicable, a student's individualized education program as defined at 20 U.S.C. § 1401(14) of the *Individuals with Disabilities Education Act,* will follow the student, in accordance with applicable federal and state law.

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X☐ 9. Organizer shall maintain accounting records and other evidence pertaining to costs incurred, with the provision that the records shall be kept available by the grantee during the grant period and thereafter for five full years from the date of final payment. BSU must be permitted to audit, review, and inspect the grantee's activities, books, documents, papers and other records relating to the expenditures of grant proceeds. The Organizer further agrees to comply

with all federal and state audit requirements and ensures that arrangements have been made to finance those mandatory audits

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Signature

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Signature of Organizer Authorized Representative	Date
Yvonne Adkins	8/20/18

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Signature

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Signature of Organizer Authorized Representative	Date
Tamela Ingram-Hamer	8/8/18

Fusion Ed High School - Statement of Assurances

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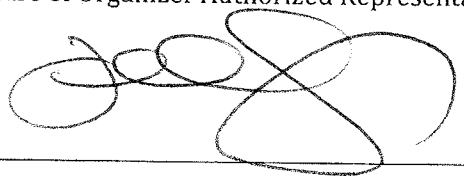
Signature of Organizer Authorized Representative	Date
	8/8/18

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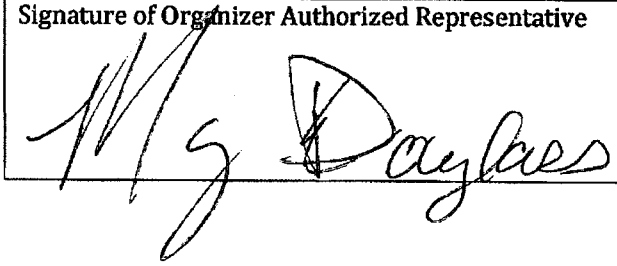	8/23/18

ATTACHMENT 14 – FEHS BOARD MEMBER INFORMATION SHEETS AND CONFLICT OF INTEREST FORMS
RESUMES OR BIOS ARE INCLUDED IN ATTACHMENT 1

Fusion Ed High School - Board Member Information Form

(To be completed individually by each proposed charter school board member. All forms must be signed by hand.)

Serving on a public charter school board is a position of public trust and fiduciary responsibility. As a board member of a public school, you are responsible for ensuring the quality of the school program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, BSU requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:
   Fusion Ed High School

2. Full name: Mary Douglass
   Home Address: 1602 West Northgate Street, Indianapolis, IN 46228
   Business Name and Address: Infinity Financial Group

   Telephone No.: 317-572-8470
   E-mail address: mary@infingrp.org

3. Brief educational and employment history. (No narrative response is required if resume and professional biography are attached to the application.)
   X☐ Resume and professional biography are provided.

4. Indicate whether you currently or have previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation.
   ☐ Does not apply to me. X☐ Yes

5. Why do you wish to serve on the board of the proposed charter school?

   I work with young people and adults to help them gain financial literacy and a secure future. I believe this program, with the focus on career training, will be directly in line with what I do. Serving an at-risk population is where I want to dedicate my time and service.

6. What is your understanding of the appropriate role of a public charter school board member?

I have experience being on a nonprofit board of directors and my business is a nonprofit. I know the importance of being responsible for the oversight and accountability for an organization's success. We are responsible for ensuring that the school meets its goals and measures as identified in the charter and it is our duty to allocate state and federal dollars appropriately to make the most impact in the program and the students being served by the program.

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

My child went to Tindley and I was very involved in the school. I currently work with several public and charter schools offering my program to provide financial literacy to students throughout the city and know how decisions are made at the board level to best serve the students.

8. Describe the specific knowledge and experience that you would bring to the board.

I will bring charter school knowledge, knowledge of the community, knowledge of our students, and knowledge of the challenges that we must overcome to see ongoing successes year after year for our students.

School Mission and Program

1. What is your understanding of the school's mission and guiding beliefs?

The mission of Fusion Ed High School (FEHS) is as follows: "We change lives by training students in certifiable skills that lead to promising careers." Our objective is that students graduate with a diploma and an industry recognized credential. We do this by combining academic programs and career training.

2. What is your understanding of the school's proposed educational program?

Fusion Ed High School (FEHS) is a high school educational program that will provide high school academic standards, life and employability skills, and career and technical training and certification to the students of Indianapolis. The FEHS educational model provides a high quality alternative high school educational option for students who, for a variety of academic and non-academic reasons, have already dropped out from the traditional public school setting or are at the risk of dropping out, to enroll in a program wherein they can be successful in simultaneously obtaining their high school diploma and a career or technical certificate of completion. The goal of FEHS is to guide each and every student through their high school program and a career or technical pathway of their choice and work with them toward gainful employment upon completion of the program.

The target population for Fusion Ed High School is "at-risk" students who live within the Indianapolis Public Schools (IPS) district. The National Center for Education Statistics lists the following factors that lead to an "at-risk" label for students:

- Low socioeconomic status
- Living in a single-parent home
- Changing schools at non-traditional times
- Below-average grades in middle school
- Being held back in school through grade retention
- Having older siblings who left high school before completion
- Negative peer pressure

We want to provide our community's at-risk students with options for real attainable gainful employment immediately upon completion of the program and graduation.

3. What do you believe to be the characteristics of a successful school?

We believe that the majority of our students will be minority and low income. We believe many of the students that enroll in Fusion Ed High School will be at-risk, and at-risk students need of a high quality alternative educational opportunity, in order to: (1) restore the hope of those high school aged youth who have been displaced or who have not had the opportunity to obtain a quality education; (2) demonstrate the power of innovation and individualization to produce a competitive first class educational alternative; and (3) make the student the center of the educational process. We believe that if we are awarded a charter with Ball State University, we can make these things a reality for our students.

Characteristics of a successful school will be positive culture, and drive for improvement and success. We will acknowledge successes throughout our program with recognition ceremonies and additional opportunities for credits earned toward graduation and certification. Student and staff engagement and a positive culture will support our students through improved academic achievement and course completion.

4. How will you know that the school is succeeding (or not) in its mission?

The governing authority will evaluate the charter management company (CMO) on a regular basis. We will hold regular meetings where we will review data and performance throughout the year with the school principal and CMO. Data points will include enrollment, academic performance, credits earned, career program completion rates, graduation rates, financials, etc.

Governance

1. Describe the role that the board will play in the school's operation.

The board is a true governing board and has hired Fusion Ed to manage the day to day operations of the school. The board will be responsible for governing the school, and will set policy and make decisions from a strategic, policy and oversight perspective, while requiring the charter management organization to follow such policy with established processes to operate day to day management.

2. How will you know if the school is successful at the end of the first year of operation?

The board will work with Fusion Ed as the school's charter management organization to review metrics referenced above and specific academic data points to gauge performance.

3. How will you know at the end of four years if the school is successful?

The board will work Fusion Ed as the school's charter management organization to annually review performance against the school academic and non-academic goals which will be determined upon approval and written into the contract by which the school is held accountable by the sponsor.

4. What specific steps do you think the charter school board will need to take to ensure that the school is successful?

The board will need to continually review data provided by the school level testing and assessments and evaluate performance annually as well when local report cards come out. The school board will need to work with the charter management organization and the school level leadership to ensure the academic program is preparing the students for success on assessments as well as daily coursework and career and technical programming.

5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?

The board will take conflicts of interest, ethics and code of conduct very seriously. The board has an important responsibility and will not tolerate anything less than professional and ethical behavior in a governing board member. The school board bylaws will ensure there is a method for removal if there is an issue with board member behavior.

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.
   ☐ I / we do not know any such trustees. X☐ Yes, I / we do know other trustees.

2. Indicate whether you or your spouse knows any person who is, or has been in the last two years, a school employee. If so, indicate the precise nature of your relationship.
   X☐ I / we do not know any such employees. ☐ Yes

3. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of some entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.
   X☐ I / we do not know any such persons. ☐ Yes

4. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
   X☐ I / we do not anticipate conducting any such business. ☐ Yes

5. If the school intends to contract with an education service provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please

describe any such relationship.
X☐ I / we do not know any such persons. ☐ Yes

6. If the school intends to contract with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
X☐ I / we have no such interest. ☐ Yes

7. If the school plans to contract with an education service provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
X☐ I / we or my family do not anticipate conducting any such business. ☐ Yes

8. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
X☐ Does not apply to me, my spouse or family. ☐ Yes

9. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. X☐ None ☐ Yes

Certification

I, Mary Douglass, certify to the best of my knowledge and ability that the information I am providing to the Ball State University Office of Charter Schools as a prospective board member for **Fusion Ed High School** is true and correct in every respect.

Signature

08/23/2018
Date

"Beginning July 1, 2017, at the time an organizer submits a proposal under subsection (a), the organizer shall submit to the authorizer and department a statement of economic interest that contains the same information specified under IC 3-8-9-8 for each board member of the proposed charter school." IC 20-24-3-4(c) (2017). **Therefore, please send the below statement of economic interest to Beatriz Pacheco at bpacheco@doe.in.gov at the time the proposal to establish a charter school is submitted to the authorizer.**

FusionEd

True Power of Blended Learning

Conflict of Interest Form

Name of Organizer: Fusion Ed High School

Name of Associated Charter School: Fusion Ed High School

Name of Contact Person: Yvonne Adkins

Contact Person Email Address: yvonne@adkinsandcompany.com

Contact Person Phone Number: 502-512-0202

Roster of Organizer Board Members:

1) Mary Douglass, Board Member
2) Jerrell M. Wiggins, Board Member
3) Trent Williams, Board Member
4) Tamela Ingram-Hamer, Board Member
5)

The information provided below must provide information for the preceding calendar year. For board member or spouse with multiple employers, professional practices, corporations etc, add additional lines as necessary.

1) Organizer Board Member Name: Mary Douglass

Name of Employer: self-employed (see below)

Nature of Employer's Business: self-employed (see below)

Sole Proprietorship or Professional Practice: _____

Nature of Proprietorship or Professional Practice: _____

_____

Name of any partnership or limited liability company in which the filer is a member:
_____

Nature of the business of the partnership or the limited liability company: _____

_____

Name of a corporation (other than a church) of which the filer is an officer or a director: Infinity Financial Group, Inc., Mothers of Strength

Nature of the corporation's business: Infinity Financial Group is my company where I provide financial training, education and counseling nonprofit, and I sit as a board member of MOS which is a young mothers service and support organization

2) Organizer Board Member Spouse Name: Adam Douglass

Name of Employer: self-employed

Nature of Employer's Business: KDR Construction

Sole Proprietorship or Professional Practice: Sole Proprietorship

Nature of Proprietorship or Professional Practice: Low voltage installation, termination, with minor repairs

Name of any partnership or limited liability company in which the filer's spouse is a member:
_____

Nature of the business of the partnership or the limited liability company: _____

_____

Name of a corporation (other than a church) of which the filer's spouse is an officer or a director: _____

Nature of the corporation's business: _____

_____

Mary Douglass

Name Mary Douglass

Date 8/8/2018

Fusion Ed High School - Board Member Information Form

(To be completed individually by each proposed charter school board member. All forms must be signed by hand.)

Serving on a public charter school board is a position of public trust and fiduciary responsibility. As a board member of a public school, you are responsible for ensuring the quality of the school program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, BSU requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:
   Fusion Ed High School

2. Full name: Tamela Ingram-Hamer
   Home Address: 9617 North Highgate Circle, Indianapolis, IN 46250
   Business Name and Address: Mothers of Strength

   Telephone No.: 317-627-7211
   E-mail address: mothersofstrength17@yahoo.com

3. Brief educational and employment history. (No narrative response is required if resume and professional biography are attached to the application.)
   X☐ Resume and professional biography are provided.

4. Indicate whether you currently or have previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation.
   X ☐ Does not apply to me. ☐ Yes

5. Why do you wish to serve on the board of the proposed charter school?

   I currently work with young single mothers and individuals in the community that would greatly benefit having access to a educational model such as Fusion Ed High School.

6. What is your understanding of the appropriate role of a public charter school board member?

   The role of a board member of a public charter school is important as we are being entrusted with the responsibility of educating our young people. As public officials governing a charter school, we are held to the school's charter goals and requirements and

we are charged with ensuring that Fusion Ed High School appropriately allocates state and federal dollars to benefit the lives of children by successfully providing educational and career and technical opportunities that they do not otherwise have access to.

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

I do a lot of volunteer work with nonprofits such as my church.

8. Describe the specific knowledge and experience that you would bring to the board.

I have my own business and work tirelessly to serve my community. My knowledge and experience brought to the board is working directly with the target population. Service to the population through church ministry and volunteer work provides an informed background for the role, as does my parenting and family responsibilities and life work. My drive and passion for providing a better opportunity for our students will help to ensure the board and organizational efforts stay true to the mission of serving our student population.

School Mission and Program

1. What is your understanding of the school's mission and guiding beliefs?

The mission of Fusion Ed High School is to provide students with the academic, life, and career and technical skills needed for post-graduation success by incorporating research-based best practices in an innovative and safe learning environment.

2. What is your understanding of the school's proposed educational program?

Fusion Ed High School (FEHS) is a high school educational program that will provide high school academic standards, life and employability skills, and career and technical training and certification to the students of Indianapolis. The FEHS educational model provides a high quality alternative high school educational option for students who, for a variety of academic and non-academic reasons, have already dropped out from the traditional public school setting or are at the risk of dropping out, to enroll in a program wherein they can be successful in simultaneously obtaining their high school diploma and a career or technical certificate of completion. The goal of FEHS is to guide each and every student through their high school program and a career or technical pathway of their choice and work with them toward gainful employment upon completion of the program.

The target population for Fusion Ed High School is "at-risk" students who live within the Indianapolis Public Schools (IPS) district. The National Center for Education Statistics lists the following factors that lead to an "at-risk" label for students:

- *Low socioeconomic status*
- *Living in a single-parent home*

- *Changing schools at non-traditional times*
- *Below-average grades in middle school*
- *Being held back in school through grade retention*
- *Having older siblings who left high school before completion*
- *Negative peer pressure*

We want to avail our at-risk students with options for real attainable gainful employment immediately upon completion of the program and graduation.

3. What do you believe to be the characteristics of a successful school?

We believe that the majority of our students will be minority and low income. We believe many of the students that enroll in Fusion Ed High School will be at-risk, and at-risk students need of a high quality alternative educational opportunity, in order to: (1) restore the hope of those high school aged youth who have been displaced or who have not had the opportunity to obtain a quality education; (2) demonstrate the power of innovation and individualization to produce a competitive first class educational alternative; and (3) make the student the center of the educational process. We believe that if we are awarded a charter with Ball State University, we can make these things a reality for our students.

Characteristics of a successful school will be positive culture, and drive for improvement and success. We will acknowledge successes throughout our program with recognition ceremonies and additional opportunities for credits earned toward graduation and certification. Student and staff engagement and a positive culture will support our students through improved academic achievement and course completion.

4. How will you know that the school is succeeding (or not) in its mission?

The governing authority will evaluate the charter management company (CMO) on a regular basis. We will hold bi-monthly meetings where we will review data and performance throughout the year with the school principal and CMO. Data points will include enrollment, academic performance, credits earned, career program completion rates, graduation rates, financials, etc.

Governance

1. Describe the role that the board will play in the school's operation.

The board is a true governing board and has hired Fusion Ed to manage the day to day operations of the school. The board will be responsible for governing the school, and will set policy and make decisions from a strategic, policy and partner perspective, while requiring the charter management organization to follow such policy with established processes to operate day to day management.

2. How will you know if the school is successful at the end of the first year of operation?

The board will work Fusion Ed as the school's charter management organization to review metrics referenced above and specific academic data points to gauge performance.

3. How will you know at the end of four years if the school is successful?

The board will work Fusion Ed as the school's charter management organization to annually review performance against the school academic and non-academic goals which will be determined upon approval and written into the contract by which the school is held accountable by the sponsor.

4. What specific steps do you think the charter school board will need to take to ensure that the school is successful?

The board will need to continually review data provided by the school level testing and assessments and evaluate performance annually as well when local report cards come out. The school board will need to work with the charter management organization and the school level leadership to ensure the academic program is preparing the students for success on assessments as well as daily coursework and career and technical programming.

5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?

The board will take conflicts of interest, ethics and code of conduct very seriously. The board has an important responsibility and will not tolerate anything less than professional and ethical behavior in a governing board member. The school board bylaws will ensure there is a method for removal if there is an issue with board member behavior.

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.
☐ I / we do not know any such trustees. X☐ Yes, I / we do know other trustees.

   Mary Douglass and I work together, additionally serving local youth.

2. Indicate whether you or your spouse knows any person who is, or has been in the last two years, a school employee. If so, indicate the precise nature of your relationship.
X☐ I / we do not know any such employees. ☐ Yes

3. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of some entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.
X☐ I / we do not know any such persons. ☐ Yes

4. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
X ☐ I / we do not anticipate conducting any such business. ☐ Yes

5. If the school intends to contract with an education service provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please

describe any such relationship.
X☐ I / we do not know any such persons. ☐ Yes

6. If the school intends to contract with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
X☐ I / we have no such interest. ☐ Yes

7. If the school plans to contract with an education service provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
X☐ I / we or my family do not anticipate conducting any such business. ☐ Yes

8. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
X☐ Does not apply to me, my spouse or family. ☐ Yes

9. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. X☐ None ☐ Yes

Certification

I, Tamela Ingram-Hamer, certify to the best of my knowledge and ability that the information I am providing to the Ball State University Office of Charter Schools as a prospective board member for **Fusion Ed High School** is true and correct in every respect.

Tamela Ingram-Hamer
Signature

08/08/2018
Date

"Beginning July 1, 2017, at the time an organizer submits a proposal under subsection (a), the organizer shall submit to the authorizer and department a statement of economic interest that contains the same information specified under IC 3-8-9-8 for each board member of the proposed charter school." IC 20-24-3-4(c) (2017). **Therefore, please send the below statement of economic interest to Beatriz Pacheco at bpacheco@doe.in.gov at the time the proposal to establish a charter school is submitted to the authorizer.**

FusionEd

True Power of Blended Learning

Conflict of Interest Form

Name of Organizer: Fusion Ed High School

Name of Associated Charter School: Fusion Ed High School

Name of Contact Person: Yvonne Adkins

Contact Person Email Address: yvonne@adkinsandcompany.com

Contact Person Phone Number: 502-512-0202

Roster of Organizer Board Members:

1) Mary Douglass, Board Member
2) Jerrell M. Wiggins, Board Member
3) Trent Williams, Board Member
4) Tamela Ingram-Hamer, Board Member
5)

The information provided below must provide information for the preceding calendar year. For board member or spouse with multiple employers, professional practices, corporations etc, add additional lines as necessary.

1) Organizer Board Member Name: Tamela Ingram-Hamer

Name of Employer: Community Health Network OBGYN

Nature of Employer's Business: OBGYN patient care

Sole Proprietorship or Professional Practice: sole proprietorship

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Nature of Proprietorship or Professional Practice: helping single mothers and their children

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Name of any partnership or limited liability company in which the filer is a member: Mothers of Strength,LLC

Nature of the business of the partnership or the limited liability company: helping single mothers and their children with providing resources ,workshops, and support

Name of a corporation (other than a church) of which the filer is an officer or a director:

Nature of the corporation's business: _____

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2) Organizer Board Member Spouse Name: _____

Name of Employer: _____

Nature of Employer's Business: _____

Sole Proprietorship or Professional Practice: _____

Nature of Proprietorship or Professional Practice: _____

Name of any partnership or limited liability company in which the filer's spouse is a member:

Nature of the business of the partnership or the limited liability company: _____

_____

Name of a corporation (other than a church) of which the filer's spouse is an officer or a director:
_____

Nature of the corporation's business: _____

_____

Tamela Ingram-Hamer

_____

Name Tamela Ingram-Hamer

Date 8/8/2018

Fusion Ed High School - Board Member Information Form

(To be completed individually by each proposed charter school board member. All forms must be signed by hand.)

Serving on a public charter school board is a position of public trust and fiduciary responsibility. As a board member of a public school, you are responsible for ensuring the quality of the school program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, BSU requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:
   Fusion Ed High School

2. Full name: **Jerrell Wiggins**
   Home Address: **255 S McCrea St #27 Indianapolis, IN 46225**

   Business Name and Address:

   Telephone No.: **317-652-3894**
   E-mail address: **jmwiggins96@gmail.com**

3. Brief educational and employment history. (No narrative response is required if resume and professional biography are attached to the application.)
   X☐ Resume and professional biography are provided.

4. Indicate whether you currently or have previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation.
   ☐ Does not apply to me. X ☐ Yes

5. Why do you wish to serve on the board of the proposed charter school?

   Passion and personal commitment to serving at risk youth in our community.

6. What is your understanding of the appropriate role of a public charter school board member?

The role of a board member of a public charter school is important as we are responsible for the education of the young people enrolling in our school.

As the governing board, we must meet the school's charter goals and requirements and we are charged with ensuring state and federal dollars are appropriately allocated to provide educational and career and technical opportunities to at-risk students.

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

I briefly sat on the board for a charter school.

8. Describe the specific knowledge and experience that you would bring to the board.

Previous board experience. My experience as a law enforcement officer and counselor for at-risk youth.

School Mission and Program

1. What is your understanding of the school's mission and guiding beliefs?

The mission of Fusion Ed High School is as follows: "We change lives by training students in certifiable skills that lead to promising careers." Our objective is that students graduate with a diploma and an industry recognized credential. We do this by combining academic programs and career training.

2. What is your understanding of the school's proposed educational program?

Fusion Ed High School (FEHS) is a high school educational program that will provide high school academic standards, life and employability skills, and career and technical training and certification to the students of Indianapolis. The FEHS educational model provides a high quality alternative high school educational option for students who, for a variety of academic and non-academic reasons, have already dropped out from the traditional public school setting or are at the risk of dropping out, to enroll in a program wherein they can be successful in simultaneously obtaining their high school diploma and a career or technical certificate of completion. The goal of FEHS is to guide each and every student through their high school program and a career or technical pathway of their choice and work with them toward gainful employment upon completion of the program.

The target population for Fusion Ed High School is "at-risk" students who live within the Indianapolis Public Schools (IPS) district. The National Center for Education Statistics lists the following factors that lead to an "at-risk" label for students:

- *Low socioeconomic status*

- *Living in a single-parent home*
- *Changing schools at non-traditional times*
- *Below-average grades in middle school*
- *Being held back in school through grade retention*
- *Having older siblings who left high school before completion*
- *Negative peer pressure*

We want to avail our at-risk students with options for real attainable gainful employment immediately upon completion of the program and graduation.

3. What do you believe to be the characteristics of a successful school?

We believe that the majority of our students will be minority and low income. Many of the students that enroll in Fusion Ed High School will be at-risk, and at-risk students need of a high quality alternative educational opportunity, in order to: (1) restore the hope of those high school aged youth who have been displaced or who have not had the opportunity to obtain a quality education; (2) demonstrate the power of innovation and individualization to produce a competitive first class educational alternative; and (3) make the student the center of the educational process. We believe that if we are awarded a charter with Ball State University, we can make these things a reality for our students.

Characteristics of a successful school will be positive culture, and drive for improvement and success. We will acknowledge successes throughout our program with recognition ceremonies and additional opportunities for credits earned toward graduation and certification. Student and staff engagement and a positive culture will support our students through improved academic achievement and course completion.

4. How will you know that the school is succeeding (or not) in its mission?

The governing authority will evaluate the charter management company (CMO) on a regular basis. We will hold bi-monthly meetings where we will review data and performance throughout the year with the school principal and CMO. Data points will include enrollment, academic performance, credits earned, career program completion rates, graduation rates, financials, etc.

Governance

1. Describe the role that the board will play in the school's operation.

The board hired Fusion Ed to manage the day to day operations of the school. The board will be responsible for governing the school, and will set policy and make decisions from a strategic and policy making perspective, while requiring the charter management organization to follow such policy with established processes to operate day to day management.

2. How will you know if the school is successful at the end of the first year of operation?

The board will work Fusion Ed as the school's charter management organization to review metrics referenced above and specific academic data points to gauge performance.

3. How will you know at the end of four years if the school is successful?

The board will work Fusion Ed as the school's charter management organization to annually review performance against the school academic and non-academic goals which will be determined upon approval and written into the contract by which the school is held accountable by the sponsor.

4. What specific steps do you think the charter school board will need to take to ensure that the school is successful?

The board will need to continually review data provided by the school level testing and assessments and evaluate performance annually as well when local report cards come out. The school board will need to work with the charter management organization and the school level leadership to ensure the academic program is preparing the students for success on assessments as well as daily coursework and career and technical programming.

5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?

The board will take conflicts of interest, ethics and code of conduct very seriously. The board has an important responsibility and will not tolerate anything less than professional and ethical behavior in a governing board member. The school board bylaws will ensure there is a method for removal if there is an issue with board member behavior.

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.
☐ I / we do not know any such trustees. ☐ Yes, I / we do know other trustees.

2. Indicate whether you or your spouse knows any person who is, or has been in the last two years, a school employee. If so, indicate the precise nature of your relationship.
X☐ I / we do not know any such employees. ☐ Yes

3. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of some entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.
X☐ I / we do not know any such persons. ☐ Yes

4. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
X ☐ I / we do not anticipate conducting any such business. ☐ Yes

5. If the school intends to contract with an education service provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
X☐ I / we do not know any such persons. ☐ Yes

6. If the school intends to contract with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
X☐ I / we have no such interest. ☐ Yes

7. If the school plans to contract with an education service provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
X☐ I / we or my family do not anticipate conducting any such business. ☐ Yes

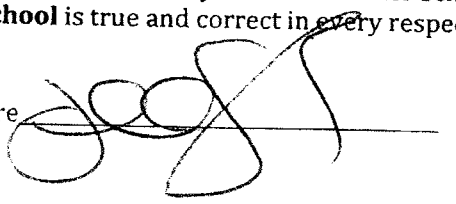
8. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
X☐ Does not apply to me, my spouse or family. ☐ Yes

9. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. X☐ None ☐ Yes

Certification

I, **Jerrell Wiggins** certify to the best of my knowledge and ability that the information I am providing to the Ball State University Office of Charter Schools as a prospective board member for **Fusion Ed High School** is true and correct in every respect.

_____sign here
Signature



08/08/2018
Date

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FusionEd

True Power of Blended Learning

Conflict of Interest Form

Name of Organizer: Fusion Ed High School

Name of Associated Charter School: Fusion Ed High School

Name of Contact Person: Yvonne Adkins

Contact Person Email Address: yvonne@adkinsandcompany.com

Contact Person Phone Number: 502-512-0202

Roster of Organizer Board Members:

1) Mary Douglass, Board Member
2) Jerrell M. Wiggins, Board Member
3) Trent Williams, Board Member
4) Tamela Ingram-Hamer, Board Member
5)

The information provided below must provide information for the preceding calendar year. For board member or spouse with multiple employers, professional practices, corporations etc. add additional lines as necessary.

1) Organizer Board Member Name: **Jerrell Wiggins**

Name of Employer: **Marion County/ City of Lebanon**_

Nature of Employer's Business: **Law Enforcement**_____

_____

Sole Proprietorship or Professional Practice: **N/A**_____

Nature of Proprietorship or Professional Practice: _____

_____

Name of any partnership or limited liability company in which the filer is a member: **360 Communications, LLC**_____

Nature of the business of the partnership or the limited liability company: **Business communication and management services**_____

Name of a corporation (other than a church) of which the filer is an officer or a director:

_____

Nature of the corporation's business: _____

_____

2) Organizer Board Member Spouse Name: _____

Name of Employer: _____

Nature of Employer's Business: _____

_____

Sole Proprietorship or Professional Practice: _____

Nature of Proprietorship or Professional Practice: _____

_____

Name of any partnership or limited liability company in which the filer's spouse is a member:

_____

Nature of the business of the partnership or the limited liability company: _____

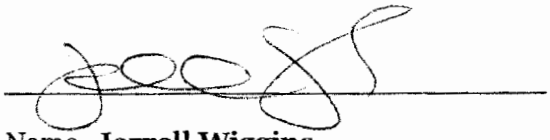
_____

Name of a corporation (other than a church) of which the filer's spouse is an officer or a director:

_____

Nature of the corporation's business: _____

_____



Name **Jerrell Wiggins**

Date 8/8/2018

Fusion Ed High School - Board Member Information Form

(To be completed individually by each proposed charter school board member. All forms must be signed by hand.)

Serving on a public charter school board is a position of public trust and fiduciary responsibility. As a board member of a public school, you are responsible for ensuring the quality of the school program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, BSU requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:
   Fusion Ed High School

2. Full name: Trenton Williams
   Home Address: 1121 E Calloway St. Bloomington, IN 47401
   Business Name and Address: 1309 E 10th St. Bloomington, IN 47405-1701

   Telephone No.: 940-368-6017
   E-mail address: trenwill@iu.edu

3. Brief educational and employment history. (No narrative response is required if resume and professional biography are attached to the application.)
   X☐ Resume and professional biography are provided.

4. Indicate whether you currently or have previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation.
   x☐ Does not apply to me. ☐ Yes

5. Why do you wish to serve on the board of the proposed charter school?

   As an educator, I am eager to be involved in serving at-risk populations in my local area. While my research and teaching has taken me around the world (e.g., Haiti, Dominican Republic, etc.), I am eager to try and make a difference for those in need locally.

6. What is your understanding of the appropriate role of a public charter school board member?

   The role of a board member of a public charter school is important as we are being entrusted with the responsibility of educating our young people. As public officials

governing a charter school, we are held to the school's charter goals and requirements and we are charged with ensuring that Fusion Ed High School appropriately allocates state and federal dollars to benefit the lives of children by successfully providing educational and career and technical opportunities that they do not otherwise have access to.

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

While I have not previously been a member of a board, I have other relevant experience. First, I am an assistant professor at Indiana University and am involved as a researcher and educator. This experience gives me insight into where students need to be following their formative education. Second, I have volunteered with my Church, Junior Achievement, and other local organizations to assist in education training and development. Finally, I have worked as a management consultant in a capacity where I counseled organizational leaders as to how they could improve and growth their organizations. This often involved change management initiatives that focused on human capital (i.e., people needs). Taken together, I believe these experiences would be helpful in shaping my perspective as a board member.

8. Describe the specific knowledge and experience that you would bring to the board.

My experience would be from volunteer experience, research focused on improvement of at-risk populations, and my experience in higher education.

School Mission and Program

1. What is your understanding of the school's mission and guiding beliefs?

The mission of Fusion Ed High School is to provide students with the academic, life, and career and technical skills needed for post-graduation success by incorporating research-based best practices in an innovative and safe learning environment.

2. What is your understanding of the school's proposed educational program?

Fusion Ed High School (FEHS) is a high school educational program that will provide high school academic standards, life and employability skills, and career and technical training and certification to the students of Indianapolis. The FEHS educational model provides a high quality alternative high school educational option for students who, for a variety of academic and non-academic reasons, have already dropped out from the traditional public school setting or are at the risk of dropping out, to enroll in a program wherein they can be successful in simultaneously obtaining their high school diploma and a career or technical certificate of completion. The goal of FEHS is to guide each and

every student through their high school program and a career or technical pathway of their choice and work with them toward gainful employment upon completion of the program.

The target population for Fusion Ed High School is "at-risk" students who live within the Indianapolis Public Schools (IPS) district. The National Center for Education Statistics lists the following factors that lead to an "at-risk" label for students:

- *Low socioeconomic status*
- *Living in a single-parent home*
- *Changing schools at non-traditional times*
- *Below-average grades in middle school*
- *Being held back in school through grade retention*
- *Having older siblings who left high school before completion*
- *Negative peer pressure*

We want to avail our at-risk students with options for real attainable gainful employment immediately upon completion of the program and graduation.

3. What do you believe to be the characteristics of a successful school?

We believe that the majority of our students will be minority and low income. We believe many of the students that enroll in Fusion Ed High School will be at-risk, and at-risk students need of a high quality alternative educational opportunity, in order to: (1) restore the hope of those high school aged youth who have been displaced or who have not had the opportunity to obtain a quality education; (2) demonstrate the power of innovation and individualization to produce a competitive first class educational alternative; and (3) make the student the center of the educational process. We believe that if we are awarded a charter with Ball State University, we can make these things a reality for our students.

Characteristics of a successful school will be positive culture, and drive for improvement and success. We will acknowledge successes throughout our program with recognition ceremonies and additional opportunities for credits earned toward graduation and certification. Student and staff engagement and a positive culture will support our students through improved academic achievement and course completion.

4. How will you know that the school is succeeding (or not) in its mission?

The governing authority will evaluate the charter management company (CMO) on a regular basis. We will hold bi-monthly meetings where we will review data and performance throughout the year with the school principal and CMO. Data points will include enrollment, academic performance, credits earned, career program completion rates, graduation rates, financials, etc.

Governance

1. Describe the role that the board will play in the school's operation.

The board is a true governing board and has hired Fusion Ed to manage the day to day operations of the school. The board will be responsible for governing the school, and will set policy and make decisions from a strategic, policy and partner perspective, while requiring the charter management organization to follow such policy with established processes to operate day to day management.

2. How will you know if the school is successful at the end of the first year of operation?

The board will work Fusion Ed as the school's charter management organization to review metrics referenced above and specific academic data points to gauge performance.

3. How will you know at the end of four years if the school is successful?

The board will work Fusion Ed as the school's charter management organization to annually review performance against the school academic and non-academic goals which will be determined upon approval and written into the contract by which the school is held accountable by the sponsor.

4. What specific steps do you think the charter school board will need to take to ensure that the school is successful?

The board will need to continually review data provided by the school level testing and assessments and evaluate performance annually as well when local report cards come out. The school board will need to work with the charter management organization and the school level leadership to ensure the academic program is preparing the students for success on assessments as well as daily coursework and career and technical programming.

5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?

The board will take conflicts of interest, ethics and code of conduct very seriously. The board has an important responsibility and will not tolerate anything less than professional and ethical behavior in a governing board member. The school board bylaws will ensure there is a method for removal if there is an issue with board member behavior.

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.
   x☐ I / we do not know any such trustees. ☐ Yes, I / we do know other trustees.

2. Indicate whether you or your spouse knows any person who is, or has been in the last two years, a school employee. If so, indicate the precise nature of your relationship.
   X☐ I / we do not know any such employees. ☐ Yes

3. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of some entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.
   X☐ I / we do not know any such persons. ☐ Yes

4. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
X☐ I / we do not anticipate conducting any such business. ☐ Yes

5. If the school intends to contract with an education service provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
X☐ I / we do not know any such persons. ☐ Yes

6. If the school intends to contract with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
X☐ I / we have no such interest. ☐ Yes

7. If the school plans to contract with an education service provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
X☐ I / we or my family do not anticipate conducting any such business. ☐ Yes

8. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
X☐ Does not apply to me, my spouse or family. ☐ Yes

9. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. X☐ None ☐ Yes

Certification

I, Trenton A Williams, certify to the best of my knowledge and ability that the information I am providing to the Ball State University Office of Charter Schools as a prospective board member for **Fusion Ed High School** is true and correct in every respect.

Signature

08/08/2018
Date

"Beginning July 1, 2017, at the time an organizer submits a proposal under subsection (a), the organizer shall submit to the authorizer and department a statement of economic interest that contains the same information specified under IC 3-8-9-8 for each board member of the proposed charter school." IC 20-24-3-4(c) (2017). **Therefore, please send the below statement of economic interest to Beatriz Pacheco at bpacheco@doe.in.gov at the time the proposal to establish a charter school is submitted to the authorizer.**

FusionEd

True Power of Blended Learning

Conflict of Interest Form

Name of Organizer: Fusion Ed High School

Name of Associated Charter School: Fusion Ed High School

Name of Contact Person: Yvonne Adkins

Contact Person Email Address: yvonne@adkinsandcompany.com

Contact Person Phone Number: 502-512-0202

Roster of Organizer Board Members:

1) Mary Douglass, Board Member
2) Jerrell M. Wiggins, Board Member
3) Trent Williams, Board Member
4) Tamela Ingram-Hamer, Board Member
5)

The information provided below must provide information for the preceding calendar year. For board member or spouse with multiple employers, professional practices, corporations etc, add additional lines as necessary.

1) Organizer Board Member Name: Trenton A Williams

Name of Employer: Indiana University

Nature of Employer's Business: Higher education

Sole Proprietorship or Professional Practice: _____

Nature of Proprietorship or Professional Practice: _____

Name of any partnership or limited liability company in which the filer is a member: _____

Nature of the business of the partnership or the limited liability company: _____

Name of a corporation (other than a church) of which the filer is an officer or a director: _____

Nature of the corporation's business: _____

2) Organizer Board Member Spouse Name: Natalee J Williams

Name of Employer: NA

Nature of Employer's Business: _____

Sole Proprietorship or Professional Practice: _____

Nature of Proprietorship or Professional Practice: _____

Name of any partnership or limited liability company in which the filer's spouse is a member: _____

Nature of the business of the partnership or the limited liability company: _____

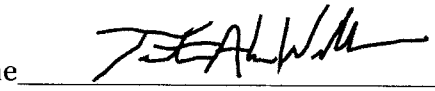
_____

Name of a corporation (other than a church) of which the filer's spouse is an officer or a director:

_____

Nature of the corporation's business: _____

_____

Name 

Date 8/8/2018

Conflict of Interest Policy

Section 1. PURPOSE

The purpose of the conflict of interest policy is to protect the School, an Indiana non-profit corporation and tax-exempt organization (the "Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or employee of the Organization or might result in a possible excess benefit transaction. It is the policy of the Corporation and its Board that the Corporation's directors, officers, and employees carry out their respective duties in a fashion that avoids actual, potential, or perceived conflicts of interest. The Corporation's directors, officers, and employees shall have the continuing, affirmative duty to report any personal ownership, interest, or other relationship that might affect their ability to exercise impartial, ethical, and business-based judgments in fulfilling their responsibilities to the Corporation. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. DEFINITIONS

A) Interested Person. Any director, principal officer, member of a committee with Corporate Board or Governing Board (collectively the "Board") delegated powers, or employee who has a direct or indirect financial interest, as defined below, is an interested person.

B) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;

2. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement; or

3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3 (B), a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

Section 3. PROCEDURES

A) Duty to Disclose.

An interested person must disclose any actual or potential conflict of interest disclose all material facts to the directors and members of committees with Board delegated powers considering the proposed transaction or arrangement. Disclosure is subject to the following principles:

1. Directors, officers, and employees of the Corporation shall conduct their duties with respect to potential and actual grantees, contractors, suppliers, agencies, and other persons transacting or seeking to transact business with the Corporation without favor or preference based upon any consideration other than the best interests of the Corporation.

2. Directors, officers, and employees of the Corporation shall not seek or accept for themselves or any of their relatives (including spouses, ancestors, and descendants, whether by whole blood, half blood, or marriage), from any person or business entity that transacts or seeks to transact business with the Corporation, any gifts, entertainment, or other favors relating to their positions with the Corporation that exceed common courtesies consistent with ethical and accepted business practices.

3. If a director, or a director's relative, directly or indirectly, owns a significant financial interest in, or is employed by, any business entity that transacts or seeks to transact business with the Corporation, the director shall disclose that interest or position and shall refrain from voting on any issue pertaining to the transaction.

4. Officers and employees of the Corporation shall not conduct business on behalf of the Corporation with a relative or a business entity in which the officer, employee, or a relative owns a significant financial interest or by which the officer, employee, or relative is employed, except where such dealings have been disclosed to, and specifically approved by, the Board.

5. Should the Board elect to engage a charter management organization ("CMO") to manage the School's operations, no director of the Board or any of their respective spouses or immediate family members may have any direct or indirect ownership, employment, contractual, or management interest in such CMO. All directors of the Board shall thoroughly familiarize themselves with the contract between the Corporation and the CMO and the rights and responsibilities of the parties thereunder.

B) Determining Whether a Conflict of Interest Exists.

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

C) Procedures for Addressing the Conflict of Interest.

1. An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

2. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

3. After exercising due diligence, the Board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

D) Violations of the Conflicts of Interest Policy.

1. If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

3. The failure of the Corporation, its Board, or any of its directors, officers, or employees to comply with the conflict of interest provisions of these Bylaws shall not invalidate, cancel, void, or make voidable any contract, relationship, action, transaction, debt, commitment, or obligation of the Corporation that otherwise is valid and enforceable under applicable law.

1. The Corporation will comply with Education Department General Administrative Regulations (EDGAR) § 74.42. Employees engaged in the award and administration of contracts are subject to this policy. The Corporation shall comply and ensure that no employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved.

Section 4. RECORDS OF PROCEEDINGS

The minutes of the Board and all committees with board delegated powers shall contain:

A) The names of the persons who disclosed or otherwise were found to have a financial a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, the action taken to determine whether a conflict of interest was present, and the Board's or committees decision as to whether a conflict of interest in fact existed.

B) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5. COMPENSATION

Any compensation received by Board members will be in compliance with State and Federal laws and/or regulations, and only after a vote of the Board. No director of the Board shall receive any compensation for serving in such office; provided that, the Corporation may reimburse any director of the Board for reasonable expenses incurred in connection with service on the Board. Any such reasonable expenses that are not reimbursed by the Corporation shall be construed as a gift to the Corporation.

Section 6. DISCLOSURE STATEMENTS

Each director, officer and member of a committee with Board delegated powers, and employees shall complete and sign annually (or as otherwise scheduled by the Board) a disclosure statement which affirms such person:

A) Has received a copy of this Conflict of Interest Policy;

B) Has read and understands the Conflict of Interest Policy;

C) Has agreed to comply with the Conflict of Interest Policy; and

D) Understands the Organization is charitable, and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The Board shall be prepared to take appropriate action in the case of any actual or potential conflict of interest transaction due to non-disclosure of failure to disclose.

Section 7. PERIODIC REVIEWS

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

A) Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

B) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organizations written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 8. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

Code of Ethics Policy

Section 1. PURPOSE

The following Code of Ethics (the "Code") of the School, an Indiana non-profit corporation and tax exempt organization, is intended to guide ethical decision making by its directors, officers and staff members. The Code is based on the following key values:

1. Respect for all persons.
2. Transparency for our actions.
3. Responsibility for our decisions and their consequences.
4. Accountability for our actions.

    a. We are committed to being responsible, transparent and accountable for all our actions.

b. We are committed to avoiding conflicts of interest.
c. We are committed to complying with the spirit and the letter of all applicable laws.
d. We are committed to treating our staff members with respect and fairness in a workplace that safeguards the rights and welfare of all.
e. We are committed to a philanthropic and educational community that is transparent and accountable.

Section 2. POLICIES AND PROCEDURES SUPPORTING THE CODE OF ETHICS

The School has a number of policies and procedures in place to assume ethical conduct. The following are examples of the major policies and procedures that support and reflect our Code:

1. The School has a detailed Conflict of Interest Policy to protect its interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director or may result in a possible excess benefit transaction. If any conflict is found, the officer or director must abstain from voting on the particular proposal and the abstaining officer or director is not counted toward a quorum for a vote.

2. The School will maintain an active audit committee. The audit committee selects the independent auditor; reviews the quality and integrity of the School's annual financial statements; oversees the performance of the School's internal accounting functions; and handles complaints and concerns regarding corporate accounting practices, internal controls and auditing matters in accordance with the School's Whistleblower Policy. All current members of the audit committee are financially literate.

3. There is no salary compensation of the officers and directors of the School except as provided within these Bylaws.

ATTACHMENT 16C – FUSION CAREER EDUCATION INC., ARTICLES OF INCORPORATION CERTIFICATE OF EXISTENCE, AND INDIANA REGISTRATION

State of Indiana
Office of the Secretary of State

Foreign Registration Statement
of
FUSION CAREER EDUCATION INC.

I, CONNIE LAWSON, Secretary of State, hereby certify that an Registration Statement of the above Foreign Nonprofit Corporation has been presented to me at my office, accompanied by the fees prescribed by law and that the documentation presented conforms to law as prescribed by the provisions of the Indiana Code.

NOW, THEREFORE, with this document I certify that said transaction will become effective Tuesday, August 14, 2018.

In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, August 14, 2018

Connie Lawson

CONNIE LAWSON
SECRETARY OF STATE

201808141272924 / 7995418

To ensure the certificate's validity, go to https://bsd.sos.in.gov/PublicBusinessSearch

Utah Department of Commerce
Division of Corporations & Commercial Code
160 East 300 South, 2nd Floor, PO Box 146705
Salt Lake City, UT 84114-6705
Service Center: (801) 530-4849
Toll Free: (877) 526-3994 Utah Residents
Fax: (801) 530-6438
Web Site: http://www.commerce.utah.gov

08/14/2018
10941503-0140\08142018-3223586

CERTIFICATE OF EXISTENCE

Registration Number:	10941503-0140
Business Name:	FUSION CAREER EDUCATION INC.
Registered Date:	August 09, 2018
Entity Type:	Corporation - Domestic - Non-Profit
Status:	Current

The Division of Corporations and Commercial Code of the State of Utah, custodian of the records of business registrations, certifies that the business entity on this certificate is authorized to transact business and was duly registered under the laws of the State of Utah. The Division also certifies that this entity has paid all fees and penalties owed to this state; its most recent annual report has been filed by the Division (unless Delinquent); and, that Articles of Dissolution have not been filed.

Jason Sterzer
Director
Division of Corporations and Commercial Code

JBB RECEIVED
AUG 09 2018
Utah Div. of Corp. & Comm. Code

ARTICLES OF INCORPORATION
OF
FUSION CAREER EDUCATION INC.
a Utah nonprofit corporation

The undersigned, acting as the incorporator of a nonprofit corporation under the Utah Revised Nonprofit Corporation Act (the "Act"), does hereby adopt the following Articles of Incorporation for such nonprofit corporation ("the Corporation"):

ARTICLE I.
NAME

The name of the Corporation is "Fusion Career Education Inc."

ARTICLE II.
PURPOSES

The purposes for which the Corporation is formed are to operate exclusively as an educational organization in managing, operating, guiding, directing and promoting one or more public charter or community schools, and to engage in any and all activities and pursuits and to support or assist other organizations as may be reasonably related to the foregoing purposes and which are or may hereafter be authorized by Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The foregoing purposes and activities shall be carried out in accordance with, and so as not to conflict with or adversely impact, the tax-exempt status of the Corporation.

ARTICLE III.
REGISTERED AGENT

The name and address of this Corporation's registered agent is:

Name of Agent	Address of Registered Office
Craig H. Christensen	3290 Mayflower Way Lehi, Utah 84043

ARTICLE IV.
PRINCIPAL ADDRESS

The principal address of the Corporation is 1682 West 820 North, Provo, Utah 84601.

ARTICLE V.
NO MEMBERS

The Corporation will not have any voting members and will not issue shares evidencing membership or interests in water or other property rights.

Date: 08/09/2018
Receipt Number: 7450502
Amount Paid: $30.00

AUG 9 '18 PM 2:15

ARTICLE VI.
DIRECTORS

The names and addresses of the initial directors of the Corporation are as follows:

Name	Address
James G. Blair	1682 West 820 North Provo, Utah 84601
R. Bryce Johnson	1271 Cumberland Cross Rd. Santa Ana, California 92705
Thomas L. Peterson	1567 N Locust Ln Provo, Utah 84604

ARTICLE VII.
LIMITATION OF LIABILITY

The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by the Act, as the same may be hereafter amended or supplemented.

ARTICLE VIII.
INDEMNIFICATION

The Corporation shall indemnify its directors, officers, employees, fiduciaries and agents to the fullest extent permitted by the Act, as the same may be hereafter amended or supplemented.

ARTICLE IX.
DISSOLUTION

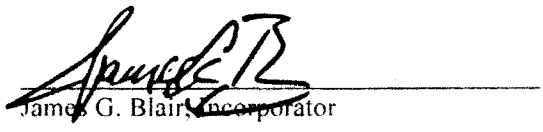
Upon the dissolution of the Corporation, the assets of the Corporation shall be distributed exclusively for the purposes of the Corporation or to such organization(s) that qualify as tax-exempt organization(s) under §501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws, as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively for such purposes or to such organizations which are so qualified, as the court shall determine.

ARTICLE X.
INCORPORATOR

The name and address of the incorporator is:

James G. Blair
1682 West 820 North
Provo, Utah 84601

IN WITNESS WHEREOF, the undersigned has duly executed these Articles of Incorporation as of this 9th day of August, 2018.



James G. Blair, Incorporator

SCHOOL MANAGEMENT AGREEMENT

This School Management Agreement ("Agreement") is made as of the _____ day of August, 2018 (the "Effective Date") by and between the Governing Authority (also referred to as the "Board") of **Fusion Ed High School**, an Indiana nonprofit corporation (the "School") and **Fusion Career Education, Inc.,** a Utah corporation ("Fusion Ed").

FE

WHEREAS, the Board desires to retain Fusion Ed as the exclusive management organization of the School. School is established as an Indiana charter school pursuant to Indiana law.

WHEREAS, the Board and Fusion Ed (collectively referred to as the "Parties") wish to enter into an agreement that will allow the Parties to create an enduring educational alliance by promoting educational excellence and innovation based on the Fusion Ed school design and comprehensive educational program, as well as the Fusion Ed management principles.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is mutually agreed upon and acknowledged, the parties hereto agree as follows:

ARTICLE I
APPOINTMENT AND TERM

1.1 Appointment. Subject to the terms and conditions set forth herein, the Parties agree that Fusion Ed shall serve as the sole and exclusive operator of the School.

1.2 Term. The initial term of this Agreement shall commence as of the Effective Date and shall end at 11:59 p.m. (EST) on June 30, 2024 (the "Initial Term") unless otherwise terminated as provided herein. This Agreement shall automatically renew for successive five-year periods (each a "Renewal Term") unless either Fusion Ed or the Governing Authority provides written notice of non-renewal to the other party at least ninety (90) days prior to the expiration of the Initial Term or any subsequent Renewal Term). The terms and conditions of this Agreement shall apply to any Renewal Term. The Initial Term and all Renewal Terms, if any, are collectively referred to herein as the "Term."

1.3 Authority. The Board acknowledges that Fusion Ed is likely to subcontract certain of its duties and responsibilities under this Agreement to outside vendors and affords Fusion Ed such authority as is necessary to facilitate such subcontracts with the understanding that Fusion Ed may only bind itself to any contract or subcontract and does not have authority to execute any contract or enter any agreement, financial or otherwise, on behalf of the Governing Authority. Fusion Ed covenants to assign and/or subcontract only those duties and responsibilities as may legally be assigned or subcontracted.

Should Fusion Ed elect to subcontract or otherwise assign any duty(ies) or responsibility(ies) under this Agreement, Fusion Ed covenants to notify the Board of any individual or entity to whom such duty(ies) or responsibility(ies) are subcontracted or assigned who (1) are likely to receive more than $10,000 from or on behalf of the School in a single fiscal year, or (2) are materially connected to Fusion Ed.

1.4 Designation as Agent. The Board hereby designates Fusion Ed to serve as agents of the School for purposes of compliance with 20 U.S.C. §1232g (the Family Educational Rights and Privacy Act ("FERPA").) The Board further designates any or all of Fusion Ed's agents, assigns, contractors and representatives to serve as agents of the School for purposes of FERPA compliance subject to ratification by the Board of all actions taken by other than Fusion Ed under this sub-section; which ratification shall require Fusion Ed to provide, on a regular basis, a summary of all FERPA-connected actions taken by any of Fusion Ed's contractors, agents or assigns for the Board's consideration. Such summary shall be provided for the Board's consideration in conjunction with scheduled meetings of the Board and may not include actions or efforts taken more than 90 days prior to the date the summary is provided to the Board. The Board will not ratify actions or efforts taken under this section that have not been included in a summary to the Board.

ARTICLE II
MANAGEMENT DUTIES AND RESPONSIBILITIES

2.1 Services to be provided to the School and the Board. Fusion Ed shall provide the School and the Board with the following services for which the School shall be solely responsible for all costs associated with the provision of such services in addition to the management fee set forth in Article 4.4 of this Agreement.

(a) Curriculum, Instructional Design, and Educational Philosophy – Fusion Ed shall assist the School with implementing an educational program at the School consistent with the terms of this Agreement and Fusion Ed's educational goals and philosophy (referred to as the "Fusion Ed Educational Model" and attached hereto as Exhibit A and made a part hereof

(b) Talent Acquisition – Fusion Ed shall assist the Board with identifying, recruiting, and interviewing individuals suitable for employment with the School. Fusion Ed shall be responsible for hiring all staff and personnel necessary for the proper operation and administration of the School.

(c) Human Resources Administration – Fusion Ed shall be responsible for conducting background checks on newly hired School employees, processing and maintaining all personnel records for School employees, and implementing and enforcing workplace rules, policies and procedures (including disciplinary and termination procedures).

(d) Executive Leadership, Supervision and Professional Development – Fusion Ed shall provide the School with executive level guidance and leadership consistent with the terms of this Agreement, the charter contract, and applicable State and Federal rules and

regulations. In accordance with its Educational Model (attached hereto as Exhibit A), Fusion Ed will institute a rigorous training and supervision program for building level leaders and shall be responsible for ensuring that School staff members receive the appropriate and required amount of professional development training necessary to enhance employee knowledge, experience, and HQT status for all teaching personnel.

(e) Financial Management – The Board shall retain a Fiscal Officer on behalf of the Governing Authority and the School. The Fiscal Officer shall be responsible for overseeing all aspects of the financial operation of the School (including budgeting, internal controls, fiscal policies, and audits). Notwithstanding this provision, Fusion Ed may also, at its own expense, maintain its own Fiscal Officer which shall cooperate with the Fiscal Officer retained by the Governing Authority and may serve as liaison as appropriate between Fusion Ed and the Board on all financial matters, including the financial operation of Fusion Ed in connection with the School's budget as approved by the Governing Authority.

(f) State Data Reporting – Fusion Ed shall be responsible for the administration of all student data, including, but not limited to, input of student data into State systems such as SOES, EMIS, EMAD, FLICS. Fusion Ed shall provide advance notice to the Board where possible and be in attendance and act on behalf of the Board and the School at all State level reviews or audits relating to State mandated reporting of student data.

(g) Payroll and Benefits – Fusion Ed shall be responsible for the administration of payroll and benefits for all School employees, including remittances of all necessary withholdings and required filings.

(h) Grants Management and Fundraising – Fusion Ed shall assist in managing all grants and other State and Federal Awards that the School may receive, including ensuring that all monies received under these programs are expended for their intended purpose and that all required reporting requirements under such programs are met. Fusion Ed shall also recommend, apply for, and assist the Governing Authority in fundraising efforts mutually agreed upon by the Parties.

(i) Centralized Purchasing – Fusion Ed shall have the overall responsibility for the purchasing of all goods and services necessary for the orderly operation of the School. Fusion Ed may utilize the School Administrator and the School's Fiscal Officer to assist in this process. Fusion Ed shall have the overall responsibility and authority to negotiate the terms of the purchase, license or lease of all furniture, computers, software, equipment and all other personal property necessary for the operation of the School, and to consummate the purchase, license or lease of the equipment and personal property where the cost of such purchase, license or lease is not expected to exceed the lesser of (i) the amount (if any) budgeted or pre-approved for such cost, or (ii) $10,000, whether paid in a single amount or in installments, in a single fiscal year. Fusion Ed shall be responsible from the time of the purchase, license or lease and at all times thereafter, for the management and maintenance of the equipment in proper working order.

(j) Board Governance Services – Fusion Ed shall assist the Governing Authority or its designee in preparation for upcoming Board meetings, including preparation of required documentation, securing a meeting location, sending out materials in advance of meetings, and in any other fashion agreed upon by the Parties. At no time shall such assistance be used as a means to usurp the authority of the Governing Authority. Fusion Ed shall assist the Governing Authority or its designee by performing other liaison services with governmental and quasi-governmental offices and agencies as may be necessary in the day-to-day operations or as required by this Agreement.

(k) Marketing and Community Outreach – Fusion Ed shall provide the School with appropriate marketing and community outreach support, including joint enrollment and recruitment activities as set forth in Section 2.6 of this Agreement.

(l) Technology Administration – Fusion Ed will assist with securing and implementing the necessary technology for the smooth and orderly operation of the School and for ensuring that such technology remains in continuous working condition barring conditions beyond Fusion Ed' control. Fusion Ed shall also assist in the application for and administration of Federal e-Rate funds to offset the costs of necessary technology investments.

(m) Food Service Management – Fusion Ed shall assist the School with all aspects of food service management, including ordering meals, distribution of meals, accounting of meals served for purposes of filing reimbursement claims, administering the completion of Free/ Reduced Lunch Income Forms, and following all applicable State and Federal rules and regulations that apply to food service management. Fusion Ed shall provide advance notice to the Board where possible and be in attendance and act on behalf of the Board and the School at all State level reviews or audits relating to food service management.

(n) Transportation Management – Fusion Ed shall provide the School with transportation contracting options for students attending the School and shall manage student transportation requirements.

(o) Facility Acquisition and Management – Fusion Ed shall assist the Board in identifying facilities that are suitable for lease – whether by independent lease or by expansion of operations under an existing lease by the School. Additionally, Fusion Ed shall be responsible for ensuring that the School facility, including any common areas used by the School, is cleaned and in good working order.

2.2 Operating Authority.

2.2.1 Fusion Ed shall perform duties and services pursuant to paragraph 2.1 herein subject to Governing Authority approval. Fusion Ed shall have exclusive authority to manage the administration, operation and performance of the School to the extent allowed under State law, including but not limited to procurement, and employment matters. Fusion Ed shall cooperate fully with the School's retained Fiscal Officer as to all of the School's financial matters, including but not limited to all financial management, budgeting and accounting.

Fusion Ed shall be accountable only to the Governing Authority as to the administration, operation and performance of the School.

2.2.2 It is expressly understood and agreed that under no circumstances shall Fusion Ed be required to: (i) expend its time and/or resources seeking additional funding for the School beyond those duties addressed in Article 2.1 of this Agreement; (ii) expend its own funds and/or resources to fulfill its duties and obligations under this Agreement; or (iii) pay or guarantee any debt or obligation of the School including, but not limited to, debts or obligations incurred by the School prior to the Effective Date of this Agreement.

2.2.3 Fusion Ed agrees to operate the School in such a manner that implements the educational goals and programs of both the Governing Authority and Fusion Ed. Fusion Ed shall adhere to rules and regulations, and make adequate progress toward achieving goals as established in the School's charter contract (collectively referred to as the "Educational Model" and more fully described in Exhibit A); provided, however, Fusion Ed shall not be required to take any action or engage in any conduct or refuse to take any action or engage in any conduct that Fusion Ed determines would be in material violation of any applicable Federal, State or local laws, ordinances or regulations or that would violate the civil rights of any student, parent, guardian, Fusion Ed employee, agent or contractor. Such action or inaction by Fusion Ed pursuant to this Article 2.2.3 shall not constitute a breach of this Agreement. If Fusion Ed determines that it is necessary to modify the Educational Model, it shall present its recommendations to the Governing Authority in writing and the Governing Authority shall give prompt and good faith consideration to Fusion Ed's requested changes.

2.2.4 Specifically, Fusion Ed shall have the authority to:

(a) Establish and promulgate rules and regulations with respect to the conduct and discipline of students, teachers, administrators and parents, and such other matters as Fusion Ed deems necessary, prudent or appropriate with respect to the orderly administration of the School and assist the Governing Authority with establishment and maintenance of all policies and rules required by State law. The rules and regulations promulgated by Fusion Ed relating to student discipline shall require student due process hearings in conformity with the requirements of Federal and State laws.

(b) Operate the School based upon the school year and school day approved annually by the Governing Authority provided, however, that Fusion Ed may make the following changes subject to ratification at the next scheduled Board meeting but without prior approval from the Governing Authority when such change is in compliance with all applicable laws and, in Fusion Ed's discretion, there is an immediate need for the change that cannot be delayed until after the next scheduled Board meeting: (1) changes to the school year and/or school day in order to respond to or accommodate emergencies and/or contingency days; and (2) changes involving fewer than five (5) consecutive school days.

(c) Design and implement pupil performance evaluations and assessment strategies that permit evaluation of the educational progress of each of the School's students. The

Governing Authority and Fusion Ed will cooperate in good faith to identify measures of, and goals for, the School's students and the School's performance, including but not limited to parent satisfaction.

(d) Provide special education students attending the School with such services as Fusion Ed determines are necessary and proper under applicable Federal, State and local laws, ordinances, and regulations.

(e) Subject to the School's "Budget" defined hereunder and Article 6 herein, oversee the selection and acquisition of instructional materials, equipment and supplies, and the administration of any and all extra-curricular and co-curricular activities and programs approved by the Governing Authority.

(f) Subject to the School's "Budget" defined hereunder and pursuant to Article 6 herein, hire such teachers, non-teaching administrative and support staff and other personnel as Fusion Ed in its discretion determines are necessary and/or appropriate for the operation of the School.

(g) Subject to any lease already in existence, identify a suitable facility (the "School Facility" or the "Facility") or expansion of existing facilities and arrange for a lease or lease amendment as appropriate to be entered into by the Governing Authority for the operation of the School and its support functions, and ensure that such Facility is equipped with technology suitable, in Fusion Ed's sole judgment, to service the Educational Program.

(h) During the Term of this Agreement and for a period of five (5) years thereafter (unless a longer period is required by applicable Federal or State law), maintain such financial, operations, personnel, student performance and discipline records respecting the operation of the School and the Facility (collectively referred to as the "School Records") as are required by law. During the term of this Agreement, Fusion Ed shall make all School Records available for inspection by the Governing Authority, upon request, at a specified Governing Authority meeting or during regular business hours at Fusion Ed's principal office or such other location as may be required by state law and shall also maintain such records in secured, digital format that allows for immediate access by the School's Administrator and/or by the Chair of the Governing Authority, as necessary. The parties agree that all School Records are and shall remain the exclusive property of the School. All School Records that are subject to production under public records requirements ("the Open Meetings Act") shall be made available to the public upon submission of an appropriate request under the Open Meetings Act. Upon termination of this Agreement and the transfer of student records to the Governing Authority pursuant to Article 8 of this Agreement, Fusion Ed shall have no further responsibilities for the maintenance of such student records.

(i) Attend each scheduled meeting of the Governing Authority, prepared to discuss the operation of the School, generally and make such reports and presentations respecting the operation, administration and/or performance of the School (i) as may be required from

time to time by the Department of Education ("DOE") or applicable state law, and (ii) at least quarterly to the Governing Authority or as requested by the Governing Authority during any period that the School fails to materially meet the goals of the Educational Program, taken as a whole.

2.2.5 The Board shall establish various committees (i.e., Academic, Finance, Governance, etc.) to facilitate communication between Fusion Ed and the Governing Authority of which Fusion Ed representatives may be ad hoc committee members. Such committees shall recommend goals and ideas to Fusion Ed and the Governing Authority, however no such committee shall have authority to prescribe, challenge, limit or otherwise interfere with Fusion Ed's authority to administer the School.

2.3 Fusion Ed Purchases with School Funds. All books, supplies, equipment and other materials (i) owned by the School prior to the Effective Date or (ii) purchased by Fusion Ed with School revenues as defined in Section 4.1 below or with funds that were paid to Fusion Ed by the School as payment for services rendered and used in the operation or administration of the School shall remain the sole and exclusive property of the School. If Fusion Ed sells any of the aforesaid items or otherwise converts same to cash, the proceeds of such sale, net of expenses, shall remain the sole and exclusive property of the School. Fusion Ed shall, to the extent it deems advantageous to the School or required by federal, state or local laws, use competitive bidding in the purchase of books, supplies, equipment and other materials paid for with School funds.

2.4 Subcontracts. Fusion Ed reserves the right to subcontract any and all aspects of the services it agrees to provide to the School, including, but not limited to, services related to student transportation, food service, special education, and employee payroll and benefits subject to the terms of Article I to this Agreement. Notwithstanding anything herein to the contrary, Fusion Ed shall not subcontract substantially all of its duties or responsibilities under this Agreement.

2.5 Place of Performance. Fusion Ed reserves the right to perform its obligations under this Agreement at any location it deems appropriate (unless otherwise prohibited by applicable state and/or federal laws), except pupil instruction shall be provided at the School Facility.

2.6 Student Recruitment. At all times, Fusion Ed and the School shall be jointly responsible for all student recruitment efforts and for recruiting students in a manner that is compliant with state and other applicable laws. Notwithstanding anything herein to the contrary, Fusion Ed agrees to implement an organized student recruitment effort that will be designed to maximize student enrollment at the School.

ARTICLE III
BOARD AND SCHOOL DUTIES AND RESPONSIBILITIES

3.1 Good Faith Obligation. At all times, the Board and the School shall exercise in good faith their respective rights, duties and obligations under this Agreement, as well as the

authority granted to them under State law respecting the School and Fusion Ed as operator of the School.

3.2 Dependency on Availability of Funds. At all times hereunder, the Board shall be responsible for securing adequate funding for the proper administration of the School and ensuring that Fusion Ed has access to such funds as provided for in the "Budget," which is defined herein below. The Board acknowledges that Fusion Ed's operation of the School is dependent upon the availability to Fusion Ed of adequate funding, and failure to provide Fusion Ed with adequate funding as set forth in the Budget shall relieve Fusion Ed of its obligations under this Agreement.

3.3 Furnishing Information. The Board shall furnish Fusion Ed with all information, documents, forms and reports required by Fusion Ed for proper administration of the School and/or the Facility, or as may be required in preparation for any legal or administrative proceeding relating to the School and/or the Facility, or as may be required to comply with the Indiana Open Meetings Act, requests made by the DOE, or any other applicable Federal, State or local laws.

ARTICLE IV
FISCAL MATTERS

4.1 Revenues. For purposes of this Agreement, the term "Revenues" shall mean all funds, of any kind and from any source, received by the Governing Authority or Fusion Ed on behalf of the School, including but not limited to:

(a) Funding for public school students enrolled in the School;

(b) Funding provided by Federal or State Governments that is directly allocable to special education students enrolled in the School;

(c) Funding provided by Federal and State Governments that is directly allocable to gifted and talented students enrolled in the School;

(d) "At-Risk" or "Poverty-Based" funding provided by Federal and State Governments that is directly allocable to at-risk or disadvantaged students enrolled in the School;

(e) Funding provided by Federal and State Governments to the School that is directly allocable to students enrolled in the School with limited English proficiency;

(f) Federal and State grant sources, including Title Funding (i.e., Title I) that is directly allocable to the School; 8of 18

All Revenues described above in Article 4.1(a), (b), (c), and (d) shall be collectively referred to as Full-Time Equivalency Money or FTE Money.

4.2 Revenues Managed by Fusion Ed. All Revenues are and shall remain the sole and exclusive property of the School, except as otherwise provided for herein. The Board

agrees that Fusion Ed, through cooperation with the Board's Fiscal Officer and subject to the authority of the Board, may administer the Revenues during the Term in accordance with the Budget and/or other expense expressly approved by the Board. The Revenues shall be kept in one or more accounts opened in the name of the School and maintained at financial institutions held by the Governing Authority. Fusion Ed, together with the Board's Fiscal Officer and the Board, shall be an authorized signor at the financial institution maintaining the School's Revenues. All withdrawals, payments or other drafts issued from the School's account(s) will require two (2) signors, of which Fusion Ed may be one. Nothing in this paragraph however prohibits Fusion Ed from maintaining its own separate accounts for Revenues received from the Governing Authority.

4.3 Budget Process.

4.3.1 Revenues and expenditures shall be based on an academic year that commences on July 1st of each year and ends on June 30th of the following year (an "Academic Year"). Fusion Ed shall provide the Board with annual operating and capital budgets for each Academic Year (collectively referred to as the "Budget"), the first draft of which shall be submitted to the Board no later than April 15th preceding that Academic Year.

4.3.2 Each Budget shall contain such detail as reasonably requested by the Board and shall include all projected expenses and costs reasonably associated with operating the School including, but not limited to, the projected cost of all payroll and benefits to be paid for services and education programs, rental, maintenance and other costs and expenses to be incurred by the School under lease, capital expenditures, supplies and furnishings necessary to operate the School, utilities, all taxes of any kind that are assessed or imposed, insurance premiums, and other costs and expenses required or advisable to operate the School.

4.3.3 Governing Authority stipends, fiscal audits, authorizer fees, legal and other associated costs shall be deemed as "Governing Authority Operating Expenses." Such costs shall be determined by the Governing Authority and provided to Fusion Ed by the School's fiscal officer for incorporation into the Budget in accordance with the procedures established under 4.3.1. The Governing Authority shall not make expenditures of Revenues on operating expenses that cause the School to exceed its anticipated revenues for the same fiscal year.

4.3.4 The Board shall review the Budget and either approve or reject it no later than June 1st preceding that Academic Year. If the Board takes no action by June 1st, then the Budget shall be deemed to be approved as submitted. If the Board timely rejects the Budget, then Fusion Ed and the Board shall work together to create a mutually agreeable Budget prior to June 15th. If the Budget has not been approved by the Board by June 15th, Fusion Ed shall have the option of proceeding with the start of that Academic Year (in which case the Budget from the immediately preceding Academic Year shall be deemed to be the Budget until a new Budget is approved by the Board) or terminating this Agreement pursuant to Article 8.1(a) below.

4.3.5 The Budget may be amended from time to time by mutual agreement of Fusion Ed and the Governing Authority.

4.3.6 Fusion Ed may make expenditures of Revenues on behalf of the School as provided in the Budget without further consultation with the Governing Authority as provided in paragraph 4.2 above; provided, however, that the total expenditures as originally budgeted and approved by the Governing Authority do not change. All proposed or anticipated expenditures of Revenues not otherwise provided for in the original Budget must be approved by the Governing Authority through a Budget amendment. At no time during a given fiscal year shall Fusion Ed make expenditures of Revenues on behalf of the School that cause the Governing Authority to exceed its anticipated revenues for the same fiscal year unless previously agreed to by the Parties and reflected in an approved Budget.

4.4 Fusion Ed Management Fee. In consideration for the services provided by Fusion Ed hereunder, and more specifically as enumerated in Article 2.1, the Board agrees to pay Fusion Ed a fee for each Academic Year in an amount equal to Fifteen Percent (15%) of the total Revenues received by the School (hereinafter referred to as the "Management Fee"). For purposes of calculating the Management Fee, Revenues shall be defined as stated in Article 4.1 above. Within five (5) business days of the receipt of a State Settlement Payment ("FTE Money"), the School shall remit to Fusion Ed 15% of all Revenues received by the School since the remittance of the previous month's Management Fee. On at least a quarterly basis, a reconciliation of the Management Fee will be prepared by the Fiscal Officer between the Management Fee earned and Management Fees paid. Any amounts determined to be due to or due from Fusion Ed as a result of this reconciliation will be reflected in the subsequent Management Fee to be paid to Fusion Ed. Any amounts outstanding at the end of the Fiscal Year will be reflected on the financial statements of the Governing Authority.

4.5 Other Schools. The Governing Authority acknowledges that Fusion Ed may enter into similar management agreements with other schools or educational institutions. Fusion Ed shall maintain separate books for expenses incurred by and on behalf of the School and other Fusion Ed operated schools. If Fusion Ed incurs authorized reimbursable expenses on behalf of the School and other Fusion Ed operated schools that are incapable of precise allocation, then Fusion Ed shall allocate such expenses among all such schools, including the School, on a prorated basis based upon the number of students enrolled at each school, or upon such other equitable basis as is acceptable to all Fusion Ed operated schools.

4.6 Financial and Other Reporting.

4.6.1 Fusion Ed will cooperate with the Board's Fiscal Officer to ensure that detailed financial statements of all School Revenues received and expenditures made, as well as comparisons of actual results to budget are presented to the Board at regularly scheduled meetings. Such statements shall present YTD financial information that is not older than 1 month.

4.6.2 Upon request and at all regularly scheduled Board meetings, Fusion Ed shall provide the Board with reports on the School's operations and student performance.

4.6.3 Fusion Ed shall periodically provide the Board with all other relevant information that will enable to the Board to: (i) monitor Fusion Ed's performance and the efficiency of its operation of the School, (ii) comply with any and all reporting requirements under Federal, State or local laws, and (iii) regularly furnish committee reports.

4.7 Access to Records. Fusion Ed shall keep accurate financial records pertaining to its operation of the School, together with all other School Records prepared by or in the possession of Fusion Ed, and shall retain such records during the Term of this Agreement and for a period of five (5) years thereafter (unless a longer period is required by applicable Federal or State law). The Parties shall each maintain the confidentiality of all records pertaining to School personnel and students to the extent required and/or permitted by law, as well as all other records required by law to be held in confidence.

4.8 Audits. The Parties acknowledge that the School will be subject to an annual audit conducted by the Auditor of State (the "AOS"), or if so permitted by the AOS, by an independent audit firm ("IPA") approved to do audits on behalf of the AOS. The AOS or the IPA (collectively referred to as the "Auditors") shall audit the books and records of the School and Governing Authority for each Academic Year (the "Annual Audit"). The Parties shall each cooperate with the Board's Fiscal Officer and the Auditors and shall provide information and copies of all documents related to the financial transactions and activity of the School. Additionally, the Governing Authority Fiscal Officer shall act as the liaison between the Auditors and the School and periodically report to the Governing Authority and Fusion Ed as to the progress of the Annual Audit. The cost of the Annual Audit shall be borne solely by the Governing Authority.

4.9 Start-up Financing/Operating Losses. Fusion Ed may, but shall not be required to, advance funds to the School to facilitate the start-up of the School, including but not limited to funds for: the development of a curriculum and a technology system; school operations plans; recruiting, hiring, and pre-service training of School employees; and cleaning, fixing and equipping of the Facility (hereinafter referred to as the "Fusion Ed Advance"). The Fusion Ed Advance shall be an unsecured obligation of the School and will accrue at the minimum interest rate (if any) required by law. Repayment of the School Advance shall be included in the Budget for the School's first Academic Year and every Academic Year thereafter until repaid in full.

4.10 Unexpended Donations. Subject to applicable donor restrictions, Fusion Ed and the Governing Authority shall work together to determine the best and most appropriate disposition of any funds that were donated, directly or indirectly, to the School that remain unexpended following completion of the project or purpose for which such funds were originally designated.

ARTICLE V
INTELLECTUAL PROPERTY RIGHTS

5.1 Ownership of Licenses to Educational Materials. For the purposes of this Agreement, "Educational Materials" shall mean all print and electronic versions of textbooks, training manuals, instructional materials, lesson plans, teacher guides, exercises, workbooks, tests and other curriculum-related materials that were created by Fusion Ed or purchased with Fusion Ed funds (not School funds) for use in the delivery of the Educational Model. Fusion Ed shall own all intellectual property and/or copyright licenses related to Educational Materials. This Sections 5.1 as well as 5.2 and 5.3 below shall survive any expiration or termination of this Agreement.

5.2 Ownership of Derivatives and New Material. Fusion Ed shall own all intellectual property rights including, all copyrights related to Educational Materials that are developed by or for Fusion Ed using its employees, agents and/or contractors ("Fusion Ed IP"). It is expressly agreed that Fusion Ed IP is not and shall not be considered Works for Hire. The Parties acknowledge that to the extent any Fusion Ed IP is derivative of School IP, Fusion Ed's rights in the Fusion Ed IP extend only to the new, original aspects of such works and not to any underlying or pre-existing material.

5.3 Ownership and Licensing of the Educational Model. The Parties acknowledge and agree that Fusion Ed's Educational Model is unique and creative and is covered by intellectual property rights owned or licensed by Fusion Ed, and shall at all times remain the exclusive property of Fusion Ed. Fusion Ed agrees to grant the School a non-exclusive, non-transferable, non-sublicenseable right to utilize the Educational Model during the Term of this Agreement and in accordance with the terms of this Agreement.

ARTICLE VI
PERSONNEL & TRAINING

6.1 Personnel Responsibility. Unless otherwise agreed to herein, the Parties acknowledge that all staff and personnel hired by Fusion Ed on behalf of the School shall be employees of the School, and not Fusion Ed. The Parties will each be responsible for compensating their own respective employees, and at no time shall either Party be obligated to compensate the other Party's employees outside the specific terms of this Agreement. Fusion Ed shall have the sole responsibility and authority to determine staffing levels, to select, hire, evaluate, assign, discipline, transfer and terminate personnel operating in connection with the School. All hiring and termination decisions of Fusion Ed shall be reported to the Governing Authority promptly. For efficiency, School will authorize Fusion Ed to make automatic withdrawals from its Payroll Account on each scheduled payday in an amount necessary to cover the amount of payroll for employees assigned to the School. All such employment costs and liabilities are separate and apart from the management fee due Fusion Ed as described in Section 4.4.

6.2 School Administrator. Subject to approval of the Governing Authority, Fusion Ed shall have authority to select and hire the Chief Administrator(s) and to hold them accountable for the success of the School. Fusion Ed shall consult with the Governing Authority prior to hiring the Chief Administrator, and shall consult with the Governing

Authority prior to any discipline, transfer or termination of the employment of any Chief Administrator who fails to meet the performance goals and standards of either Fusion Ed or the Governing Authority. The duties of the Chief Administrator(s) and the terms of his/her/their employment, shall be determined by Fusion Ed after consultation with the Governing Authority. Since the selection and performance of the Chief Administrator(s) is essential to the success of the School, the Governing Authority's failure to adopt/ratify Fusion Ed's recommendations with respect to the Chief Administrator(s) without good cause shown shall give rise to an immediate termination of the Contract by Fusion Ed.

6.3 Teachers. Fusion Ed shall have sole discretion to determine the number of teachers reasonably necessary for the operation of the School, and to assign such teachers to the appropriate grade levels and subject matters for which they are qualified. The curriculum taught by teachers employed by the School shall be consistent with the Educational Program. Such teachers may, at the sole discretion of Fusion Ed, work at the School on a full or part time basis. If assigned to the School on a part time basis, such teachers may also be employed to work at other schools managed or operated by Fusion Ed subject to full disclosure to the Governing Authority of any transfer, change and/ or reduction in support staff. Each teacher employed by the School shall be highly qualified ("HQT") and hold a valid teaching or other applicable license, certification, permit or approval issued by the State of Indiana and shall be subject to the requirements of a criminal records check conducted pursuant to State law.

6.4 Support Staff. Fusion Ed shall have sole discretion to determine the number and the functions of support staff required for the operation of the School. Fusion Ed shall provide the School with qualified staff to efficiently operate the School. The staff may, at the discretion of Fusion Ed, work at the School on a full or part time basis. If assigned to the School on a part time basis, such support staff may also be employed to work at other schools managed or operated by Fusion Ed. Fusion Ed subject to full disclosure to the Governing Authority of any transfer, change and/ or reduction in School staff. All staff employed by the School shall undergo criminal records checks similar to that of teachers.

6.5 Training. Fusion Ed shall provide training in its methods, curriculum, program, and technology to all teaching personnel on a regular basis. Non-instructional personnel shall receive such training as Fusion Ed determines is reasonable and necessary under the circumstances of their employ.

6.6 Limitations on Discretion. All decisions made by Fusion Ed with respect to staffing levels and its selection, evaluation, assignment, discipline, transfer and/or termination of staffing personnel shall be consistent with the Budget, the parameters set forth in the Educational Program, and all applicable Federal, State and Local laws. 13of 18

6.7 State Retirement Systems. The Parties acknowledge that State law stipulates that independent contractors retained by Fusion Ed for educational services at the School may meet the qualifications for membership in the School Teachers Retirement System ("STRS") or the School Employee Retirement System ("SERS") if the teaching or other duties performed by the independent contractor are the same as those performed by

teachers or staff in public schools under typical school district employment contracts, including substitute positions. Therefore, Fusion Ed shall make the appropriate payroll deductions from the pay of each School employee in accordance with State law, if applicable and to make such connected deposits to STRS as appropriate. Fusion Ed shall assist the Governing Authority with respect to fulfilling all reporting and compliance obligations under State law.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

7.1 Governing Authority Warranties and Representations. The Governing Authority represents and warrants to Fusion Ed that as of the Effective Date of this Agreement: (i) the School is an Indiana nonprofit corporation in good standing and the Governing Authority has the authority under law to execute, deliver, and to incur the obligations provided for under this Agreement and to perform its duties under same; (ii) the execution, delivery and performance of this Agreement does not, and will not, violate any provision of law applicable to the School or to the Governing Authority; and (iii) the execution, delivery and performance of this Agreement does not, and will not, conflict with or result in a default under any agreement or instrument to which the School or the Governing Authority is a party.

7.2 Fusion Ed Warranties and Representations. Fusion Ed represents and warrants to the Governing Authority that, as of the Effective Date of this Agreement: (i) Fusion Ed is an existing corporation in good standing within the state of Indiana and is working with Fusion Ed High School, an Indiana nonprofit who will obtain 501(c)(3) federal nonprofit status, and that Fusion Ed has the authority under law to execute, deliver, and to incur the obligations provided for under this Agreement and to perform its duties under same; (ii) the execution, delivery and performance of this Agreement does not, and will not, violate any provision of law applicable to Fusion Ed; and (iii) the execution, delivery and performance of this Agreement does not, and will not, conflict with or result in a default under any agreement or instrument to which Fusion Ed is a party.

ARTICLE VIII
TERMINATION AND EFFECTS OF TERMINATION

8.1 Termination. This Agreement may be terminated for the following reasons:

(a) By Fusion Ed, immediately, if: (i) for any reason there is a material impairment in the receipt of Revenues for any Academic Year to the effect that Fusion Ed, in its sole discretion, determines that there would be insufficient funds available for the orderly operation of the School in a manner and at a level of service reasonably expected to meet the goals established in the Educational Program, to receive a passing annual report card for the School as required by the DOE, or to pay the Management Fee; (ii) the School is ordered by the DOE or any court or governmental authority to cease operations; (iii) the School is unable to pay its debts as they come due or has filed a petition seeking protection from its creditors under Federal bankruptcy laws or any state counterpart thereto, or has

been deemed insolvent under such laws; (iv) the Governing Authority fails to approve a Budget for the Academic Year as required pursuant to Article 4.3 above; or (v) the Governing Authority is unable to perform its duties hereunder for a period of ninety (90) consecutive days due to a declared Force Majeure.

(b) By Fusion Ed, after written notice, if the Governing Authority or the School is in material breach of any of its respective covenants, duties, responsibilities or obligations hereunder, and such breach is not cured within thirty (30) days after Fusion Ed has provided the Governing Authority with written notice of the material breach.

(c) By the Governing Authority, immediately, if: (i) the School or Fusion Ed is deemed to be insolvent under the Federal Bankruptcy Code or is unable to pay their respective debts as they come due or have filed a petition seeking protection from its creditors under Federal bankruptcy law or any state counterpart thereto and Fusion Ed has not filed a plan for reorganization under Chapter 11 of the United States Bankruptcy Code in the time allotted therein; (ii) the School is ordered by the School authorizer, DOE or any court or governmental authority to cease operations; or (iii) Fusion Ed is unable to perform its duties hereunder for a period of ninety (90) consecutive days due to a declared a Force Majeure

(d) By the Governing Authority, after written notice, if Fusion Ed is in material breach of any of its respective duties, responsibilities or obligations hereunder, and such breach is not cured within thirty (30) days after the Governing Authority has provided Fusion Ed with written notice of the material breach.

8.2 Duties Upon Termination. This Article 8.2 shall survive any expiration or termination of this Agreement.

(a) Upon termination of this Agreement for any reason whatsoever, the Governing Authority on behalf of the School shall immediately pay to Fusion Ed and/or any of Fusion Ed's affiliates all amounts due and owing to Fusion Ed under the terms of this Agreement. Furthermore, the Governing Authority on behalf of the School shall return to Fusion Ed any materials containing the Educational Model, Fusion Ed's methods of instruction or operation and, subject to Article 8.2(b) below, all real and personal property owned by Fusion Ed and paid for by Fusion Ed with non-public funds. Fusion Ed shall assist the School in the transition of management and operations, including, but not limited to: (i) the orderly transition and return of all student records, the School Facility, and all other School property, equipment and material owned by the School; (ii) sending notices to students as reasonably requested by the School; and (iii) at the School's option, delivering student records directly to the students.

(b) Upon termination of this Agreement for any for any of the reasons set forth in Section 8.1(c) or (d) or upon mutual consent of the parties , the Governing Authority on behalf of the School shall have the right to exercise the option of: (i) having all personal property leases relating to the operation of the School assigned to and assumed by the School to the extent permitted by the terms of such leases; and (ii) purchasing all personal property

owned by Fusion Ed as determined in accordance to the Budget and the School's list of tagged assets and used exclusively or primarily in connection with the operation of the School. The purchase price for any Fusion Ed-owned assets acquired under clause (ii) above shall be the "remaining costs basis" of such assets (as that term is defined below) at the time of purchase. For purpose of this Agreement, the "remaining cost basis" of such personal property shall be calculated based upon the straight line method of depreciation over the life of such property, as established by the following property classifications: (i) computers and software - three (3) years; (ii) furniture, fixtures and textbooks - five (5) years; (iii) buildings or leasehold improvements - twenty (20) years. Depreciation will begin on the date that each item of personal property was acquired by Fusion Ed. In the event that the Governing Authority chooses to exercise its option of purchasing all personal property owned by Fusion Ed and used exclusively or primarily in connection with the operation of the School, it must purchase all of said personal property, except any proprietary materials, and must also exercise its option to assume all personal property leases relating to the operation of the School.

(c) To exercise its options under Article 8.2(b) above, the Governing Authority must provide Fusion Ed with at least thirty (30) days written notice prior to the termination of this Agreement, unless the termination of this Agreement is immediate pursuant to Articles 8.1(a) or (c), at which time the Governing Authority shall be granted a total of fifteen (15) days to exercise its options under Article 8.2(b).

ARTICLE IX
INSURANCE

9.1 Insurance Coverage. Fusion Ed shall at all times maintain general liability insurance at levels deemed to be appropriate by a credible agent with knowledge of Fusion Ed's operations, but in amounts not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in the aggregate. The Board on behalf of the School shall at all times maintain appropriate levels of insurance that meet or exceed those levels required by the authorizer contract. The Parties shall both list each other as additional insured on their respective policies. The Board shall also list the authorizer as an additional insured on the School's policy. Upon request, each Party to this Agreement shall present evidence to the other Party that it maintains the requisite amount of insurance in compliance with the provisions of this paragraph. Each Party shall comply with any information or reporting requirements required by the other Party's insurer(s), to the extent reasonably practicable.

ARTICLE X
MISCELLANEOUS

10.1 Entire Agreement; Merger. This Agreement together with any attachments hereto set forth the entire understanding between the Parties with respect to the operation of the School and supersedes and replaces any and all other agreements or understandings by and between the Parties hereto with respect to the creation and operation of the School.

10.2 Force Majeure. Notwithstanding any other sections of this Agreement, neither party shall be liable for any delay in the performance or inability to perform due to acts of God or due to war, riot, embargo, fire, explosion, sabotage, flood or natural accident; provided that either party may terminate this Agreement in accordance with the termination provisions contained in this Agreement if sufficient grounds exist as provided in the Article governing termination.

10.3 Arbitration.

(a) In the event of any dispute between the parties hereto, the parties shall settle said dispute through arbitration (unless otherwise required by any applicable insurance policy or contract). In the event arbitration is the applicable form of dispute resolution, each party shall appoint one arbitrator and then the two previously selected arbitrators shall agree upon a third. The arbitration shall take place utilizing the then-current rules of the American Arbitration Association ("AAA") and shall take place in Indiana.

(b) The parties shall have the right of limited pre-hearing discovery, in accordance with the U.S. Federal Rules of Civil Procedure, as then in effect, for a period not to exceed 60 days.

(c) As soon as the discovery is concluded, but in any event within 30 days thereafter, the arbitrators shall hold a hearing in accordance with the aforesaid AAA rules. Thereafter, the arbitrators shall promptly render a written decision, together with a written opinion setting forth in reasonable detail the grounds for such decision. Any award by the arbitrators in connection with such decision may also provide the prevailing party shall recover its reasonable attorneys' fees and other costs incurred in the proceedings, in additional to any other relief which may be granted.
(d) Judgment may be entered in any court of competent jurisdiction to enforce the award entered by the arbitrators.

10.4 Official Notices. All notices or other communications required or permitted under the Agreement shall be in writing and shall be given by personal delivery, confirmed facsimile, electronic mail (e-mail), or commercial courier addressed to the Party at its principal address as follows:

If to the School:

Attn: _____, Board Chairman
Address: Fusion Ed High School
_____
_____
E-mail: _____

And to

Attn: _____, Counsel
Address:

_____
_____
E-mail: _____

If to Fusion Ed:

Attn: _____, Co-Founder
Address: _____
_____
Email: _____

And to:

Attn: _____, Counsel
Address: _____
_____
Email: _____

All notices and other communications required or permitted under the Agreement that are addressed as provided in this section will: (i) if delivered personally, be deemed given upon delivery, (ii) if delivered by facsimile transmission, be deemed given when sent and confirmation of receipt is received, (iii) if delivered by commercial courier, be deemed given upon receipt; and (iv) if delivered by electronic mail (e-mail) transmission, be deemed given when sent.

10.5 Amendment. This Agreement shall not be altered, amended, modified or supplemented except in writing and signed by the Parties hereto.

10.6 Waiver. No waiver or delay of any provision of this Agreement at any time shall be deemed or shall constitute a waiver of any other provision.

10.7 Cost and Expenses. If any Party hereto commences an action against the other Party as a result of a breach or alleged breach of this Agreement, the prevailing Party shall be entitled to recover from the losing Party reasonable attorneys' fees and costs of suit.

10.8 Severability. Should any term or provision of this Agreement be deemed unenforceable or invalid in any way, such term shall be stricken and the remainder of this Agreement shall continue in full force and effect.

10.9 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but taken together shall be deemed to be a single enforceable agreement.

10.10 Relationship of the Parties. The parties hereto acknowledge that their relationship is that of independent contractors. No employee of either party shall be deemed an employee

of the other party. Nothing contained herein shall be construed to create a partnership or joint venture between the parties.

10.11 No Third Party Beneficiaries. This Agreement and the provisions hereof are for the exclusive benefit of the parties hereto and their affiliates and not for the benefit of any third party, nor shall this Agreement be deemed to confer or have conferred any rights, express or implied, upon any other third person.

10.12 Independent Activity. All of the parties to this Agreement understand that Fusion Ed's business is to operate and manage charter schools. As such, the parties agree that Fusion Ed and its affiliates, may operate other charter schools in and outside of the state whether the same may be considered competitive with the School.

10.13 Assignment; Binding Agreement. Neither party shall assign this Agreement without the written consent of the other party, which consent shall not be unreasonably withheld or delayed. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement authorizing the effective date as stated above. The Effective Date of this Agreement is as stated on page 1 of this Agreement.

Fusion Ed High School, Inc.
an Indiana nonprofit corporation

_____
By: _____
Its: Board Chairman

Fusion Career Education, Inc.
A _____ corporation

_____
By: _____
Its: Co-Founder

ATTACHMENT 16(A) – FEHS TERM SHEET

Fusion Ed High School – Management Agreement Terms Sheet

The Fusion Ed High School (FEHS) Governing Authority is the decision making authority for the school (School) and has contracted with Fusion Career Education, Inc. (Fusion Ed) to provide daily operational management as defined in the management agreement. The roles are reflected in our organizational charts and responsibilities are detailed in job descriptions management agreement. Fusion Ed provides the leadership and staff on site at the School, the educational program, training, leadership and the majority of the back office support s providing through management personnel so that the School staff can focus on the student education. The Fusion Ed staffing chart is as attached and reflects the high level, experienced and capable leadership necessary to ensure learning is occurring on every day during every opportunity.

DURATION OF THE AGREEMENT

1.2 Term. The initial term of this Agreement shall commence as of the Effective Date and shall end at 11:59 p.m. (EST) on June 30, 2024 (the "Initial Term") unless otherwise terminated as provided herein. This Agreement shall automatically renew for successive five-year periods (each a "Renewal Term") unless either Fusion Ed or the Governing Authority provides written notice of non-renewal to the other party at least ninety (90) days prior to the expiration of the Initial Term or any subsequent Renewal Term). The terms and conditions of this Agreement shall apply to any Renewal Term. The Initial Term and all Renewal Terms, if any, are collectively referred to herein as the "Term."

BOARD AND SCHOOL DUTIES AND RESPONSIBILITIES

3.1 Good Faith Obligation. At all times, the Board and the School shall exercise in good faith their respective rights, duties and obligations under this Agreement, as well as the authority granted to them under State law respecting the School and FE as operator of the School.

DUTIES AND RESPONSIBILITIES OF THE EDUCATIONAL SERVICE PROVIDER

2.1 Services to be provided to the School and the Board. Fusion Ed shall provide the School and the Board with the following services for which the School shall be solely responsible for all costs associated with the provision of such services in addition to the management fee set forth in Article 4.4 of this Agreement.

(a) Curriculum, Instructional Design, and Educational Philosophy – Fusion Ed shall assist the School with implementing an educational program at the School consistent with the terms of this Agreement and Fusion Ed's educational goals and philosophy (referred to as the "Fusion Ed Educational Model" and attached hereto as Exhibit A and made a part hereof

(b) Talent Acquisition – Fusion Ed shall assist the Board with identifying, recruiting, and interviewing individuals suitable for employment with the School. Fusion Ed shall be responsible for hiring all staff and personnel necessary for the proper operation and administration of the School.

(c) Human Resources Administration – Fusion Ed shall be responsible for conducting background checks on newly hired School employees, processing and maintaining all personnel records for School employees, and implementing and enforcing workplace rules, policies and procedures (including disciplinary and termination procedures).

(d) Executive Leadership, Supervision and Professional Development – Fusion Ed shall provide the School with executive level guidance and leadership consistent with the terms of this Agreement, the charter contract, and applicable State and Federal rules and regulations. In accordance with its Educational Model (attached hereto as Exhibit A), Fusion Ed will institute a rigorous training and supervision program for building level leaders and shall be responsible for ensuring that School staff members receive the appropriate and required amount of professional development training necessary to enhance employee knowledge, experience, and HQT status for all teaching personnel.

(e) Financial Management – The Board shall retain a Fiscal Officer on behalf of the Governing Authority and the School. The Fiscal Officer shall be responsible for overseeing all aspects of the financial operation of the School (including budgeting, internal controls, fiscal policies, and audits). Notwithstanding this provision, Fusion Ed may also, at its own expense, maintain its own Fiscal Officer which shall cooperate with the Fiscal Officer retained by the Governing Authority and may serve as liaison as appropriate between Fusion Ed and the Board on all financial matters, including the financial operation of Fusion Ed in connection with the School's budget as approved by the Governing Authority.

(f) State Data Reporting – Fusion Ed shall be responsible for the administration of all student data, including, but not limited to, input of student data into State systems such as SOES, EMIS, EMAD, FLICS. Fusion Ed shall provide advance notice to the Board where possible and be in attendance and act on behalf of the Board and the School at all State level reviews or audits relating to State mandated reporting of student data.

(g) Payroll and Benefits – Fusion Ed shall be responsible for the administration of payroll and benefits for all School employees, including remittances of all necessary withholdings and required filings.

(h) Grants Management and Fundraising – Fusion Ed shall assist in managing all grants and other State and Federal Awards that the School may receive, including ensuring that all monies received under these programs are expended for their intended purpose and that all required reporting requirements under such programs are met. Fusion Ed shall also recommend, apply for, and assist the Governing Authority in fundraising efforts mutually agreed upon by the Parties.

(i) Centralized Purchasing – Fusion Ed shall have the overall responsibility for the purchasing of all goods and services necessary for the orderly operation of the School. Fusion Ed may utilize the School Administrator and the School's Fiscal Officer to assist in this process. Fusion Ed shall have the overall responsibility and authority to negotiate the terms of the purchase, license or lease of all furniture, computers, software, equipment and all other personal property necessary for the operation of the School, and to consummate the purchase, license or lease of the equipment and personal property where the cost of such purchase, license or lease is not expected to exceed the lesser of (i) the amount (if any) budgeted or pre-approved for such cost, or (ii) $10,000, whether paid in a single amount or in installments, in a single fiscal year. Fusion Ed shall be responsible from the time of the purchase, license or lease and at all times thereafter, for the management and maintenance of the equipment in proper working order.

(j) Board Governance Services – Fusion Ed shall assist the Governing Authority or its designee in preparation for upcoming Board meetings, including preparation of required documentation, securing a meeting location, sending out materials in advance of meetings, and in any other fashion agreed upon by the Parties. At no time shall such assistance be used as a means to usurp the authority of the Governing Authority. Fusion Ed shall assist the Governing Authority or its designee by performing other liaison services with governmental and quasi-governmental offices and agencies as may be necessary in the day-to-day operations or as required by this Agreement.

(k) Marketing and Community Outreach – Fusion Ed shall provide the School with appropriate marketing and community outreach support, including joint enrollment and recruitment activities as set forth in Section 2.6 of this Agreement.

(l) Technology Administration – Fusion Ed will assist with securing and implementing the necessary technology for the smooth and orderly operation of the School and for ensuring that such technology remains in continuous working condition barring conditions beyond Fusion Ed' control. Fusion Ed shall also assist in the application for and administration of Federal e-Rate funds to offset the costs of necessary technology investments.

(m) Food Service Management – Fusion Ed shall assist the School with all aspects of food service management, including ordering meals, distribution of meals, accounting of meals served for purposes of filing reimbursement claims, administering the completion of Free/ Reduced Lunch Income Forms, and following all applicable State and Federal rules and regulations that apply to food service management. Fusion Ed shall provide advance notice to the Board where possible and be in attendance and act on behalf of the Board and the School at all State level reviews or audits relating to food service management.

(n) Transportation Management – Fusion Ed shall provide the School with transportation contracting options for students attending the School and shall manage student transportation requirements.

(o) Facility Acquisition and Management – Fusion Ed shall assist the Board in identifying facilities that are suitable for lease – whether by independent lease or by expansion of operations under an existing lease by the School. Additionally, Fusion Ed shall be responsible for ensuring that the School facility, including any common areas used by the School, is cleaned and in good working order.

SERVICE GOALS ALIGNED TO CHARTER CONTRACT GOALS

2.2.3 Fusion Ed agrees to operate the School in such a manner that implements the educational goals and programs of both the Governing Authority and Fusion Ed. Fusion Ed shall adhere to rules and regulations, and make adequate progress toward achieving goals as established in the School's charter contract (collectively referred to as the "Educational Model" and more fully described in Exhibit A); provided, however, Fusion Ed shall not be required to take any action or engage in any conduct or refuse to take any action or engage in any conduct that Fusion Ed determines would be in material violation of any applicable Federal, State or local laws, ordinances or regulations or that would violate the civil rights of any student, parent, guardian, Fusion Ed employee, agent or contractor. Such action or inaction by Fusion Ed pursuant to this Article 2.2.3 shall not constitute a breach of this Agreement. If Fusion Ed determines that it is necessary to modify the Educational Model, it shall present its recommendations to the Governing Authority in writing and the Governing Authority shall give prompt and good faith consideration to Fusion Ed's requested changes.

FEE STRUCTURE

4.4 Fusion Ed Management Fee. In consideration for the services provided by Fusion Ed hereunder, and more specifically as enumerated in Article 2.1, the Board agrees to pay Fusion Ed a fee for each Academic Year in an amount equal to Fifteen Percent (15%) of the total Revenues received by the School (hereinafter referred to as the "Management Fee"). For purposes of calculating the Management Fee, Revenues shall be defined as stated in Article 4.1 above. Within five (5) business days of the receipt of a State Settlement Payment ("FTE Money"), the School shall remit to Fusion Ed 15% of all Revenues received by the School since the remittance of the previous month's Management Fee. On at least a

quarterly basis, a reconciliation of the Management Fee will be prepared by the Fiscal Officer between the Management Fee earned and Management Fees paid. Any amounts determined to be due to or due from Fusion Ed as a result of this reconciliation will be reflected in the subsequent Management Fee to be paid to Fusion Ed. Any amounts outstanding at the end of the Fiscal Year will be reflected on the financial statements of the Governing Authority.

TERMINATION

Termination. This Agreement may be terminated for the following reasons:

(a) By Fusion Ed, immediately, if: (i) for any reason there is a material impairment in the receipt of Revenues for any Academic Year to the effect that Fusion Ed, in its sole discretion, determines that there would be insufficient funds available for the orderly operation of the School in a manner and at a level of service reasonably expected to meet the goals established in the Educational Program, to receive a passing annual report card for the School as required by the DOE, or to pay the Management Fee; (ii) the School is ordered by the DOE or any court or governmental authority to cease operations; (iii) the School is unable to pay its debts as they come due or has filed a petition seeking protection from its creditors under Federal bankruptcy laws or any state counterpart thereto, or has been deemed insolvent under such laws; (iv) the Governing Authority fails to approve a Budget for the Academic Year as required pursuant to Article 4.3 above; or (v) the Governing Authority is unable to perform its duties hereunder for a period of ninety (90) consecutive days due to a declared Force Majeure.

(b) By Fusion Ed, after written notice, if the Governing Authority or the School is in material breach of any of its respective covenants, duties, responsibilities or obligations hereunder, and such breach is not cured within thirty (30) days after Fusion Ed has provided the Governing Authority with written notice of the material breach.

(c) By the Governing Authority, immediately, if: (i) the School or Fusion Ed is deemed to be insolvent under the Federal Bankruptcy Code or is unable to pay their respective debts as they come due or have filed a petition seeking protection from its creditors under Federal bankruptcy law or any state counterpart thereto and Fusion Ed has not filed a plan for reorganization under Chapter 11 of the United States Bankruptcy Code in the time allotted therein; (ii) the School is ordered by the School authorizer, DOE or any court or governmental authority to cease operations; or (iii) Fusion Ed is unable to perform its duties hereunder for a period of ninety (90) consecutive days due to a declared a Force Majeure

(d) By the Governing Authority, after written notice, if Fusion Ed is in material breach of any of its respective duties, responsibilities or obligations hereunder, and such breach is not cured within thirty (30) days after the Governing Authority has provided Fusion Ed with written notice of the material breach.

2019-2020

EMPLOYEE HANDBOOK

FusionEd
True Power of Blended Learning

FUSION ED HIGH SCHOOL

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I. Welcome

We are pleased to welcome you to **Fusion Ed High School**. Our employees play a major role in our students' educational success. We take pride in creating an atmosphere where employees can feel a genuine sense of accomplishment. We seek to educate, innovate and inspire our students, parents, and our communities, and strongly encourage our employees to play a positive role in their communities.

This handbook highlights the responsibilities, benefits and personnel policies that apply to you. It is not an employment contract or an agreement for employment, and should not be construed as one. This handbook does not otherwise change the terms and conditions of your employment, which are stated in your employment contract.

You should read, understand, and comply with all provisions of this handbook. If you have any questions about a provision or policy as it relates to you or the organization, please contact Fusion Ed or your School Administrator.

No employee handbook can anticipate every circumstance or question about a policy. Fusion Ed reserves the right to revise, supplement, or rescind any policy or portion of this handbook from time to time as it deems appropriate, in its sole and absolute discretion. Employees will be notified of such changes to the handbook as they occur.

1.1 Mission Statement

The mission of Fusion Ed High School is as follows: "We change lives by training students in certifiable skills that lead to promising careers." Our objective is that students graduate with a diploma AND an industry recognized credential. We do this by combining academic programs and career training.

1.2 Employment Policy Statements

Fusion Ed High School provides equal employment opportunities (EEO) to all employees and applicants for employment without regard to race, color, religion, sex, national origin, age, disability, parental status, family medical history or genetic information, political affiliation, military service, or other non-merit based factors. These protections extend to all management practices and decisions, including recruitment and hiring practices, appraisal systems, promotions, and training and career development programs.

In addition to federal law requirements, Fusion Ed High School complies with applicable state and local laws governing nondiscrimination in employment in every location in which the company has facilities. This policy applies to all terms and conditions of employment, including recruiting, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training.

Fusion Ed High School expressly prohibits any form of workplace harassment based on race, color, religion, gender, sexual orientation, gender identity or expression, national origin, age, genetic information, disability, or veteran status. Improper interference with the ability of Fusion Ed High School' employees to perform their job duties may result in discipline up to and including discharge.

Fusion Ed High School' employees and applicants are also protected against retaliation. Consistent with federal law, and as more specifically outlined in the Whistleblower Policy in this handbook, Fusion Ed High School will not tolerate acts of retaliation against an employee or job applicant who engages in a protected activity, whistle blowing, or the exercise of any appeal or grievance right provided by law.

II. Employee Relations

2.1 Business Ethics and Code of Conduct

The successful reputation of Fusion Ed High School is built upon the fair practices and ethical conduct of our employees. The continued success of Fusion Ed depends upon our customers' trust, which we are dedicated to preserving. Employees have a duty to Fusion Ed High School, its customers, and shareholders to act in a way that will earn the continued trust and confidence of the public.

Fusion Ed High School follows all applicable laws and regulations. It expects its executives, administrators, educators, and employees to act in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

If a situation arises where it is difficult to determine the proper course of action, you should seek advice and consultation from your immediate supervisor, the Chief Academic Officer, or the Human Resources Department.

Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

2.2 Equal Employment Opportunity

Fusion Ed High School provides equal employment opportunities (EEO) to all employees and applicants for employment without regard to race, color, religion, sex, national origin, age, disability, parental status, family medical history or genetic information, political affiliation, military service, or other non-merit based factors. These protections extend to all management practices and decisions, including recruitment and hiring practices, appraisal systems, promotions, and training and career development programs.

In addition to federal law requirements, Fusion Ed High School complies with applicable state and local laws governing nondiscrimination in employment in every location in which the company has facilities. This policy applies to all terms and conditions of employment, including recruiting, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training.

2.3 Anti-Harassment

Fusion Ed High School prohibits all forms of harassment, whether based on race, religion, color, gender, age national origin, physical or mental disability, sexual orientation, ethnicity, pregnancy, citizenship, military and veteran status, genetic information, or any other legally protected basis.

We have "zero tolerance" for harassment. Any employee who violates our anti-harassment policy will be subject to disciplinary action up to and including termination.

2.4 Anti-Retaliation

Consistent with federal law, and as more specifically outlined in the Whistleblower Policy in this handbook, Fusion Ed High School will not tolerate acts of retaliation against an employee who engages in a protected activity such as whistle blowing, reporting suspected violations of the law or company policy, or the exercise of any appeal or grievance right provided by law.

2.5 Reporting Possible Discrimination, Harassment, or Retaliation

If you believe you have been or are being unlawfully discriminated against, you should immediately report the incident to your building administrator or Human Resources. Administrators are required to report any complaints of discrimination to Human Resources.

If you want to report a problem, or just have general questions or concerns about the behavior of someone associated with Fusion Ed, you can either call the hotline

844-887-5996

or go to our anonymous

whistleblower web portal:

www.fusionedhs.ethicspoint.com

We want to hear from you!

If you believe you are being harassed, please report the harassment immediately to your school administrator or Human Resources.

Every report of harassment will be investigated thoroughly, promptly, discreetly, and as confidentially as possible.

Reporting harassment or discrimination will not affect your employment or advancement opportunities. Fusion Ed High School will not tolerate retaliation against anyone for filing a report or participating in an investigation of harassment or discrimination.

If an employee, staff or administrator is found to have unlawfully discriminated against another employee(s), or retaliated against or intimidated any person who makes a complaint about discrimination, Fusion Ed High School will take appropriate disciplinary action, up to and including termination.

2.6 Reasonable Accommodation in Employment

Fusion Ed High School complies with the Americans with Disabilities Act (ADA), as amended, the Rehabilitation Act, and all similar state or local laws, to ensure equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis.

Fusion Ed High School offers equal employment opportunities to all qualified disabled or handicapped persons without regard to disability or handicap. These opportunities include, but are not limited to, recruitment, hiring, promotion, award of tenure, layoff and rehiring, rates of pay, fringe benefits, leave, job assignment, training, and participation in employer-sponsored activities.

A qualified handicapped person or qualified individual with a disability is any individual with a handicap or disability who, with reasonable accommodation, can perform the essential functions of a job.

Pre-employment inquiries are made only regarding an applicant's ability to perform the duties of the position. Post-offer medical examinations are required only for those positions in which there is a bona fide job-related physical requirement. Such physical examinations are given to all persons entering the position only after conditional job offers. Any medical records obtained by Fusion Ed will be kept separately from the employee's personnel file, and treated confidentially.

Reasonable accommodation is available to all disabled or handicapped employees whose disability affects the performance of essential job functions. All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

Employees with a disability who believe that an accommodation is necessary to enable them to perform their job should contact the Human Resources Department. The employee will be responsible for providing all requested medical and other pertinent information.

2.7 Job Postings

Fusion Ed High School provides employees an opportunity to indicate their interest in open positions and advance within the organization according to their skills and experience. In general, notices of all regular, full-time job openings are posted, although the employer reserves its discretionary right to not post a particular opening.

Job openings will be posted at www.fusionedhighschools.appone.com and normally remain open for 30 days. Each job posting will include the dates of the posting period, job title, department, location, job summary, essential duties, and required skills and abilities.

To be eligible to apply for a posted job, you must have an outstanding performance record in your current position. If you have a written warning on file, or are on probation or suspension, you will not be considered for posted jobs.

2.8 Employment Applications

Fusion Ed High School relies upon the accuracy of information contained in your employment application, as well as the accuracy of other information presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information is cause for termination, and may result in your exclusion from further consideration for employment. If you have already been hired at the time the misrepresentation, falsification or material omission is discovered, you may be subject to discipline, up to and including termination.

2.9 Employment Reference Checks

The Human Resources Department will respond in writing to reference check inquiries that are submitted in writing, after receiving a signed authorization from the employee authorizing the release of such information. No verbal responses will be given. In response to a reference check inquiry, Human Resources will confirm dates of employment and position(s) held. No additional employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry.

Only Human Resources is permitted to provide employment references. Other employees are not permitted to give employment references for a current or former employee, whether verbal or written. All performance questions regarding salary, dates of employment, etc., shall be referred to Human Resources, who will provide the requested information in accordance with this policy.

2.10 Employment of Relatives

It is the policy of Fusion Ed High School to prohibit immediate family members from working in any department where there would be a supervisory relationship between the family members. Immediate family for this policy is interpreted as brother, sister, spouse, son, daughter, mother or father, as well as mother-in-law, father-in-law, son -in -law, daughter-in-law, and "significant others" when the persons are living together. This policy will apply to current employees who become married to one another while employed.

Neither employees nor immediate family members of employees may serve on the board of the governing authority of the school.

If you have a relative who is interested in employment with Fusion Ed High School, please encourage them to apply for an open position, and to note on the application that you referred them. Let your supervisor and/or Human Resources know that the person is related to you.

2.11 Employee Dating

If you are dating another Fusion Ed employee, please notify your supervisor in writing. If someone raises a concern or provides information that a romantic or sexual relationship exists between a supervisor and an employee who directly reports to that supervisor, the next level supervisor along with the Director of Human Resources will investigate the situation through a discussion with one or both of the parties involved.

During working hours and in working areas, employees are expected to refrain from public displays of affection or excessive personal conversation with others.

Fusion Ed High School reserves the right to take any measure it deems appropriate to address these issues, including transferring one employee to eliminate the supervisor - subordinate relationship between the two employees.

2.12 Rehiring Former Employees

Fusion Ed High School will consider former employees for rehire as long as the employees' previous service was satisfactory, and they left the company under satisfactory circumstances. Former employees who were involuntarily dismissed from employment, had performance or policy violation issues, or did not give proper notice to their former supervisor prior to leaving are not eligible for rehire.

Human Resources will review a former employee's personnel file. Once completed, Human Resources will review the information with the supervisor so the supervisor can decide whether the candidate should be considered for rehire. The Chief Academic Officer of Fusion Ed High School must approve all rehires.

2.13 Criminal Records Check

According to statutory requirements, employees must provide a criminal history records check/report. A criminal records check/report will be processed on all applicants who accept an offer of employment. State law specifies circumstances under which the employment or continued employment of persons with certain criminal records is prohibited. For details, please see your supervisor or contact Human Resources.

2.14 Scholastic Requirements

Employees must possess and are required to maintain the minimum educational requirements and if applicable, valid certification/licensure required by state laws. Failure to maintain the required certification may result in termination of employment.

2.15 Immigration Law Compliance

Fusion Ed High School is committed to employing only United States citizens and aliens who are authorized to work in the United States, and does not unlawfully discriminate on the basis of citizenship or national origin in compliance with the Immigration Reform and Control Act of 1986. Each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed a Form I-9 with Fusion Ed within the past three years, or if their previous Form I-9 is no longer retained or valid.

2.16 Confidentiality

All employees are responsible for protecting confidential information from being released to unauthorized individuals, and may be asked to sign a confidentiality agreement.

Additionally, the Family Educational Rights and Privacy Act (FERPA) protects students' personally identifiable information. Students' school performance, including grades, attendance, and disciplinary issues, are examples of information that is confidential and may not be disclosed to anyone unless it is another Fusion Ed employee for educational purposes, or the student and his or her parent/guardian. A student's parent or guardian must consent in writing to any other disclosures of the student's personally identifiable information.

Confidential information should never be transmitted over the internet or via instant messaging for any reason. It may be difficult to determine if the information is confidential. Employees should use their best judgment, and act with the best interest of Fusion Ed and its employees in mind. Employees should contact their immediate supervisor if they are unsure whether information should be released to an employee or requesting party, or if they released confidential information.

2.17 Non-Disclosure

The protection of confidential business information and trade secrets is vital to the interests and the success of Fusion Ed High School.

All employees must sign a non-disclosure agreement as a condition of employment. Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, up to and including termination of employment and legal action, even if they do not actually benefit from the disclosed information.

Because confidential business information and trade secrets can be used only for legitimate business purposes, an employee must immediately return any and all such information on whatever media it is held on and shall not keep any copies when their employment ends.

2.18 Conflicts of Interest

It is Fusion Ed High School's policy that all employees act with the highest standard of business integrity, in the best interest of Fusion Ed High School, and avoid situations that might conflict with their responsibilities as employees. Employees must avoid situations that present potential or actual conflicts between their individual interest and the interests of Fusion Ed. Employees may not use school property, information, or their position for personal gain or for the benefit of any third party.

A "conflict of interest" occurs when an employee's personal interests interfere with, or appear to interfere with, the interests of Fusion Ed High School. For example, if you are in a position to influence a decision that may result in personal gain for you or a relative as a result of Fusion Ed' business dealings, you may not make that decision because it creates a conflict of interest for you. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

If you have any influence on transactions involving purchases, contracts, or leases, it is imperative that you disclose to your supervisor or Human Resources any actual or potential conflicts of interest so that safeguards can be established in writing to protect all parties.

Personal gain may result not only in cases where you or a relative has a significant ownership in a firm with which Fusion Ed does business, but also when you or a relative receives any kickback, bribe, substantial gift, or special consideration as a result of a transaction or business dealing with Fusion Ed High School.

If you are not sure whether a situation presents a conflict of interest, please consult with your supervisor or Human Resources for clarification.

2.19 Accepting Gifts

No employee may accept a commission, gift or anything of value above ten dollars

($10.00) from individuals, groups, clubs or companies within or outside Fusion Ed that are supplying, or seeking to supply, material or services for the operation of Fusion Ed. If you receive a gift of any value, please notify your immediate supervisor or the Fusion Ed Chief Academic Officer immediately. Generally, gifts that are valued at $10 or less and are a one-time offering are acceptable. Employees may attend business luncheons with supervisor approval.

Fusion Ed considers the presentation of gifts to employees by students and parents/guardians above ten dollars ($ 10.00) an undesirable practice because this tends to embarrass students with limited means and gives the appearance of currying favors. If you receive a gift worth more than this, please discuss it with your direct supervisor.

2.20 Outside Employment

Fusion Ed expects all employees to devote full attention to the performance of their jobs. Outside jobs must not interfere with or affect an employee's performance or availability, and may not create a conflict of interest with the employee's job at Fusion Ed. Outside jobs may not conflict directly or indirectly with Fusion Ed' business or hours of operations, or reflect adversely upon Fusion Ed' image. Employees may not engage in outside work that is in competition with Fusion Ed or with any company that could adversely affect Fusion Ed' business.

Before engaging in any activity, transaction, or relationship that might give rise to a conflict of interest, or seeking outside employment, employees must receive permission from their supervisor. The employees must provide advance written notice and a request for review **to their supervisor and to Human Resources** before commencing the activity, transaction, or relationship**.**

The Chief Academic Officer of Fusion Ed High School may, at her discretion, deny an employee's request to undertake outside employment. Acceptance of outside employment or performance of work for an outside employer while on any type of leave of absence shall be considered a voluntary resignation by the employee, and cause for termination.

III. Employment Status and Classifications

3.1 Employee Categories

Each employee is designated as either non-exempt or exempt from federal and state wage and hour laws. The following is intended to assist employees to understand the employment classifications, status and benefit eligibility.

NON-EXEMPT employees are eligible for overtime pay under the specific provisions of federal and state laws.

EXEMPT employees are exempt from minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA). These employees hold jobs that meet the standards and criteria established under the FLSA by the U.S. Department of Labor.

Below are the following categories for **both exempt and non-exempt** employees:

REGULAR FULL-TIME employees are those who are regularly scheduled to work thirty (30) or more hours per week. Generally, they are eligible for a full-time benefits package, subject to the terms, conditions, and limitations of each benefit program.

REGULAR PART-TIME employees are those who are not in a temporary status and who are regularly scheduled to work less than the regular full-time work schedule.

HOURLY employees are those who are paid for actual hours worked, and are not guaranteed a specific number of hours per week.

INTERN/TEMPORARY employees are temporary and may be hired during seasonal time periods (e.g., summer or holiday). Interns and temporary employees are paid for actual hours worked, and are not guaranteed a specific number of hours per week or specific time period of work unless their employment contracts state otherwise.

3.2 Access to Personnel Files

Employee files are maintained by the Human Resources Department and are confidential. An employee's personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals, salary increases, and other employment records. Generally, only administrators and management personnel are granted access to these files, and only on a "need to know" basis.

If you wish to review your personnel file, should contact your administrator and/or the Human Resources Department in writing. With reasonable advance notice, employees may review their personnel files in the Human Resources Department. Personnel files may not be copied or taken out of the department.

Representatives of government or law enforcement agencies may be allowed access to personnel file information if permitted by law and in accordance with legal procedures.

3.3 Personnel Data Changes

It is your responsibility to promptly notify your administrator of any changes in your personal information, including (but not limited to):

Personal mailing addresses

Telephone numbers

Number and names of dependents

Individuals to be contacted in case of an emergency

Educational accomplishments

If your personal information changes, please notify your administrator immediately.

IV. Conditional Employment

Staff members hired on a conditional basis (pending passage of a background check, certificate/licensure issuance, passage of a required teacher exam, etc.) are not formally hired until the condition is satisfied.

Failure to comply with the conditions of employment may result in disciplinary action if they are not met within the time frame specified at the time of employment. This may include demotion, suspension with or without pay, or termination of employment.

V. Employee Pay and Benefits

5.1 Salary Basis Policy

The Fair Labor Standards Act (FLSA) requires that certain employees be paid overtime pay at time and one -half the regular rate of pay for all hours worked over 40 hours in a work week.

The FLSA, however, provides an exemption from both minimum wage and overtime pay for certain employees (i.e., executive, administrative, professional and outside sales employees and for certain computer employees). Such employees must generally be paid on a salary basis (i.e., a predetermined amount not subject to reduction).

Typically, an employer must pay an exempt employee his/her full salary for any week in which the employee performs work. The employer, however, may make deductions from an exempt employee's pay under certain circumstances, e.g., the employee is absent from work for one or more full days for personal reasons other than sickness or disability, for absences of one or more full days due to sickness or disability, to offset amounts employees receive as jury or witness fees, or for military pay, or for unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace conduct rule infractions.

Fusion Ed complies with the requirements of the FLSA, and does not allow deductions from an employee's pay that violate the FLSA. If you believe that your employer has made an improper deduction from your salary, please immediately advise Human Resources.

Human Resources will investigate all reports of improper deductions. If we determine that an improper deduction has occurred, you will be promptly reimbursed for that deduction.

5.2 Employee Benefits

Eligible employees are provided a wide range of benefits. A number of the programs (such as State Teachers and School Employee Retirement, state disability, and unemployment insurance) cover eligible employees in the manner prescribed by law.

Full-time employees who are regularly scheduled to work thirty (30) or more hours per week are eligible to participate in Fusion Ed' benefit programs. Your supervisor or Human Resources can identify the programs for which you are eligible. Details of many of these programs can be found

elsewhere in the Employee Benefits Booklet, located on the benefits administration website at www.paychex.com.

The eligibility of an employee for specific benefits is listed in the benefit plan documents, which take precedence over this handbook or any other statements made by Fusion Ed representatives regarding benefits eligibility, coverage, or reimbursement.

Elected benefits, if appropriately requested, are effective after thirty-one (31) days of employment. The online enrollment process must be completed and all paperwork submitted to the Human Resources Department within 30 days of the beginning of your employment. If you fail to enroll or fail to provide proper documentation for enrollment, you will not be eligible to change your elections or enrollment in any of the benefit programs unless (1) you experience a "qualifying event," or (2) you wait for open enrollment, which is usually in November/December of each year.

Fusion Ed retains the ability to add to, amend, alter, or eliminate employee benefit programs, including eligibility, co-pays, deductibles, and coverage.

For specific details regarding employee benefits please refer to the Employee Benefits Booklet and/or your personal Compensation and Benefits web page.

5.3 Holidays

For a list of holidays, please refer to the school calendar. It may be necessary to require various staff to work on days when the school facility is closed. Fusion Ed will attempt to give as much prior notice as possible if an employee is needed to work a holiday.

5.4 Workers' Compensation Insurance

Fusion Ed provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period, or immediately if the employee is hospitalized.

Employees who sustain work-related injuries or illnesses should inform their supervisor and Human Resources immediately. No matter how minor an on-the -job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

Neither Fusion Ed High School, nor any of its affiliates, nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity, even if it is sponsored by Fusion Ed.

5.5 Bereavement Leave

Employees who wish to take time off due to the death of an immediate family member must notify their supervisor immediately.

Up to five (5) days of paid funeral leave will be provided to all regular full-time employees upon the death of an employee's spouse, child or children, parent or custodial relative acting in the role of a parent or caregiver for the employee, siblings, grandparents, parent-in-laws, grandchild or grandchildren.

Funeral leave will normally be granted unless there are unusual school and/or business needs or staff requirements. Upon return, it is customary that documentation is provided to the supervisor. Paid funeral leave days do not count toward an employee's paid time off.

5.6 Jury Duty

Fusion Ed encourages employees to fulfill their civic responsibilities by serving on jury duty. You must present your jury duty summons to your supervisor as soon as possible so that arrangements may be made to accommodate the absence. If the court schedule releases the employee from jury duty prior to the end of the workday, the employee must promptly contact the supervisor to determine whether they should return for the rest of their scheduled time of work for that date.

The amount of pay received from the court for jury duty will be offset against the amount of the employee's regular pay. Paid jury duty days do not count toward an employee's paid time off.

5.7 Leave of Absence

Employees requesting a leave of absence should notify their supervisor both verbally and in writing at least 30 days in advance of the leave, or as soon as the need for leave is known. The supervisor will communicate with the Human Resources Department. Once notified, the Human Resources Department will send paperwork to the employee for his/her completion and if applicable, paperwork for the completion of their attending physician.

If more than one physician is treating the employee/family member, the attending physician's statement should be completed by each physician that is part of the plan of treatment. If the leave is approved, the Human Resources Department will send details of the leave to the employee's home. For details on the Family & Medical Leave Act (FMLA), please refer to the FMLA section below. Except for appropriately requested and granted FMLA leave, any such leave of absence is at the discretion of the employer. The employee should confirm approval of the leave through the Human Resources Department.

Please note: If an employee is not at work for three (3) or more days, the employee will be able to return to work ONLY if accompanied with a "Fitness for Duty" from their attending physician. If an employee is out for more than five (5) business days, the employee will be required to complete a "Request for Leave" along with a "Certification" form from their health care provider.

5.8 Family & Medical Leave Act (FMLA)

In accordance with the Family and Medical Leave Act ("FMLA"), Fusion Ed High School provide eligible employees with family and medical leave, provided that the employees comply with the requirements of this policy.

It is an employee's responsibility to understand and comply with this policy, including the notice and certification requirements. Failure to abide by these requirements may result in denial of the request for leave, or termination of the employee's leave.

This policy provides employees with a general description of their FMLA rights. In the event of any conflict between this policy and the applicable law, the FMLA will govern.

5.9 Eligibility for Leave

An employee is eligible for up to 12 weeks (or up to 26 weeks of military caregiver leave to care for a covered service member with a serious injury or illness) of unpaid leave during a 12-month period for approved FMLA.

To qualify for or to take family or medical leave under this policy, the employee must meet all of the following conditions:

- The employee must have worked for the company for a minimum of 12 months or 52 weeks, not necessarily consecutively. Separate periods of employment will be counted, provided that a break of service does not exceed seven years unless the break in service was due to National Guard or Reserve military service obligations or a written agreement between the employee and Fusion Ed states an intention to rehire the employee after the service break. For eligibility purposes, an employee will be considered to have been employed for an entire week even if the employee was on the payroll only for part of a week or if the employee is on a leave during the week.

- The employee must have worked at least 1,250 hours during the 12-month period immediately before the date when the leave is requested to commence. The Fair Labor Standards Act (FLSA) determines the number of hours worked by an employee. The FLSA does not include time spent on paid or unpaid leave as hours worked. Consequently, hours of leave should not be counted in determining the 1,250-hour eligibility test for an employee under FMLA.

- The employee must work in a worksite where 50 or more employees are employed by the company within 75 miles of that office or work site.

5.10 Types of Leave Covered

- The birth of a child and to care for that child;

- The placement of a child for adoption or foster care and to care for a newly placed child;

- To care for a spouse, child or parent with a serious health condition;

- The serious health condition (as defined below) of the employee that makes the employee unable to perform the functions of the employee’s position.

    1. A serious health condition is a condition that

a. requires inpatient care at a hospital, hospice or residential medical care facility, including any period of incapacity or any subsequent treatment, or

b. requires continuing care by a licensed health care professional.

This policy covers illnesses of a serious and long-term nature, resulting in recurring or lengthy absences. Generally, a chronic or long-term health condition that would result in a period of three (3) consecutive days of incapacity, with the first visit to a health care provider within seven days of the onset of the incapacity and a second visit within 30 days of the incapacity would be considered a serious health condition. For chronic conditions requiring periodic health care visits for treatment, such visits must take place at least twice a year.

Employees with questions about what illnesses are covered under the FMLA policy or under the company's sick leave policy are encouraged to consult with Human Resources.

5.11 Military Leave

Qualifying exigency: Leave for families of members of the National Guard or Reserves or of a regular component of the Armed Forces when the covered military member is on covered active duty or called to covered active duty.

An employee whose spouse, son, daughter or parent has been notified of an impending call or order to covered active military duty, or who is already on covered active duty, may take up to 12 weeks of leave for reasons related to or affected by the family member's call-up or service.

The qualifying exigency must be one of the following: a) sort-notice deployment, b) military events and activities, c) child care and school activities, d) financial and legal arrangements, e) counseling, f) rest and recuperation, g) post-deployment activities, and h) additional activities that arise out of the active duty, provide that the employer and employee agree on timing and duration of the leave.

Covered active duty means:

- In the case of a member of a regular component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country.

- In the case of a member of a reserve component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country under the call or order to active duty under a provision of law referred to in Title 10 U.S.C 101(a)(13)(B).

The leave may commence as soon as the individual receives the call-up notice. (*Son or daughter* for this type of FMLA leave is defined the same as *child* for other types of FMLA leave, except that the person does not have to be a minor.) This type of leave is counted toward the employee's 12-week maximum FMLA leave in a 12-month period.

Military caregiver leave (also known as **covered service member leave**) to care for an injured or ill service member or veteran.

An employee whose son, daughter, parent or next of kin is a covered service member may take up to 26 weeks of leave in a single 12-month period to take care of that service member.

Next of kin is defined as the closest blood relative of the injured or recovering service member.

The term **covered service member** means:

1) A member of the Armed Forces (including a member of the National Guard or Reserves) who is undergoing medical treatment, recuperation or therapy or is otherwise in outpatient status, or is otherwise on the temporary disability retired list for a serious injury or illness.

2) A veteran who is undergoing medical treatment, recuperation or therapy for a serious injury or illness and who is a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during the period of five years preceding the date on which the veteran undergoes that medical treatment, recuperation or therapy.

The term **serious injury or illness** means:

- In the case of a member of the Armed Forces (including a member of the National Guard or Reserves), an injury or illness that was incurred by the member in the line of duty on active duty in the Armed Forces (or that existed before the beginning of the member's active duty and was aggravated by service in line of duty or active duty in the Armed Forces) and that may render the member medically unfit to perform the duties of the member's office, grade, rank or rating.

- In the case of a veteran who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during a period when the person was a covered service member, a qualifying injury or illness (as defined by the Secretary of Labor) that was incurred by the member in line of duty on an active duty in the Armed Forces, or that existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces, and that manifested itself before or after the member became a veteran.

5.12 Calculating the "Single 12-Month Period"

In most cases, the single 12-month period is calculated by a "rolling" 12-month window, measured backward from the date the employee begins the FMLA leave.

The only exception is when leave is requested to care for a current member of the Armed Forces who is undergoing medical treatment, recuperation, therapy, is in outpatient status, or is on the temporary disability retired list due to a serious injury or illness incurred in the line of duty while on active duty, in which case the single 12-month period begins on the first day the employee takes leave to care for the covered service member, and ends 12 months after that date.

5.13 Eligibility for Family and Medical Leave When Both Spouses Work for Fusion Ed

Spouses who are both employed by Fusion Ed High School are ***separately*** entitled to 12 work weeks of leave within a 12-month period if the leave is needed for:

- their own serious health condition or
- the serious health condition of a child.

Spouses who are both employed by Fusion Ed High School are ***jointly*** entitled to a ***combined*** total of 12 work weeks of leave to care for:

- the birth or placement of a child,
- to care for a parent with a serious health condition, or
- leave arising from a qualifying exigency related to a family member's active duty service in the Armed Forces of the United States in support of a contingency operation.

5.14 Intermittent Leave

Employees may take intermittent or reduced scheduled leave, when medically necessary, for:

- leaves of absences taken in connection with a serious health condition of the employee;
- a serious health condition of a son, daughter, or parent; or
- leave for a serious injury or illness of a covered service member.

Additionally, employees may take intermittent or reduced schedule leave due to a qualifying exigency related to the active duty service or call to active duty of a family member in support of a contingency operation.

An employee taking intermittent or reduced schedule leave may be required to transfer temporarily to an alternate position that better accommodates recurring periods of leave with equivalent pay and benefits.

Further, an employee taking intermittent leave for planned medical treatment may be required to schedule the treatment so as not unduly disrupt the employer's operations.

In some cases, when a salaried/exempt employee has worked a reduced or intermittent work schedule under the Family and Medical Leave Act (FMLA), he or she may be converted to an hourly rate during the intermittent or reduced-workweek FMLA leave.

5.15 Substituting Available Paid Leave

Employees must substitute accrued Paid Time Off (PTO) for their FMLA leave. "Substitute" means that the paid leave provided by the employer and accrued by the employee will run concurrently with unpaid FMLA leave. Such leave shall apply to the employee's 12-week or 26-week leave entitlement.

Employees must satisfy any procedural requirements required by the paid leave policy to receive payment.

After an employee exhausts all paid leave during his or her FMLA leave of absence, any time remaining in the employee's 12-week or 26-week entitlement will be unpaid.

5.16 Requesting Family and Medical Leave

Employees who apply for Family and Medical Leave under this policy must complete and provide to Human Resources a “Request for Leave” form at least 30 days or more in

advance of the requested leave of absence. In cases where the leave was unforeseeable, the “Request for Leave" form must be submitted as soon as possible before the requested leave is to commence.

Once received, Human Resources will send the employee a “Certification of Health Care Provider” form. This form must be completed and returned to Human Resources before the leave of absence or within fifteen (15) days of the employee receiving this form.

Within three (3) business days from Human Resources’ receipt of the completed form, a “Notice of Eligibility and Rights & Responsibilities” will be sent to the employee.

It is the employee’s responsibility to notify the supervisor and Human Resources immediately if there are any changes to the dates or duration of the leave of absence.

Contact Human Resources for additional information.

5.17 Medical Leave Non-FMLA

An employee may request leave from work as a result of surgery, maternity, or another medical condition that causes the employee to be unable to perform the essential functions of his or her job, but the leave may not qualify under FMLA.

A non-Family Medical Leave will be considered for any employee upon hire with medical documentation.

This type of leave is generally limited to a maximum of up to 8 weeks, and is dependent on the business needs of the employer.

5.18 Workers’ Compensation Leave

An employee may be absent from work as a result of a work -related injury that causes the employee to be unable to perform the essential functions of his or her job, and for which modified duty cannot be accommodated. Under certain circumstances the employee may be eligible for compensation under Workers’ Compensation laws applicable to their state or insurance program.

All eligible Workers’ Compensation leave will run concurrently with Family Medical Leave.

An employee must comply with all requirements of the Workers' Compensation program to obtain this or any work comp benefit, including notice to the employer of the injury and the circumstances leading up to the injury.

5.19 Personal Leave

Personal leave is an unpaid leave for a specified time period. Due to the nature of the employer's business, personal leaves may be granted but only in rare circumstances.

Personal leave will be considered only:

- for employees who have worked a minimum of six (6) continuous months,
- in extreme emergency situations,
- during non-testing time periods, and
- only if the company is fully staffed and can accommodate the request.

If approved, personal leave may be granted for up to four (4) weeks.

You will be required to use any remaining balance you have in your PTO plan during this leave before going on an unpaid personal leave.

5.20 What Happens to Employee Benefits During the Leave?

During leave, an employee will continue to be covered under the employer's group health benefit plan in the same manner as if the employee were actively working. The employee will be responsible for paying the same proportion of the costs of the benefits as he or she regularly pays, including for any group health insurance benefits. Premiums must be paid by the 15th and 30th of each month directly to the Human Resources Department.

5.21 Certification Will Be Required

An employee requesting leave due to the employee's own serious illness, to care for a spouse, child, parent with a serious health condition, for exigent circumstances necessitated by the active duty service or call to active duty service in the Armed Forces, or for leave to care for a covered service member with a serious injury or illness must provide Human Resources with the appropriate certification form. Certification forms are available at the Human Resources Department and must be returned within 15 days or as soon as practicable.

5.22 Returning from Family and Medical Leave/Leave of Absence

An employee returning to work after a leave of absence due to his or her own health condition must provide a **fitness-for-duty certification** to the supervisor or the Human Resources Department before returning to work.

A fitness-for-duty certification is not required for each intermittent or reduced schedule leave absence. However, the employer may require a fitness-for-duty certification once every 30 days for employees taking intermittent and reduced schedule leave if reasonable safety concerns exist regarding the employee's ability to perform his or her duties.

Employees returning from leave, if the leave was approved under FMLA, will be given the same or equivalent position and reinstated to all benefits they had accrued before the leave. An employee on an FMLA leave has no greater rights to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the FMLA leave period. In some circumstances, an employee seeking leave near the end of a school term may be required to continue to take leave until the end of the school term.

It is the employee's responsibility to notify the supervisor and Human Resources of

his or her intent to return to work and of any changes in the conditions of the leave of absence.

5.23 Healthcare Coverage Reimbursement - Employee Not Returning from FMLA

If the employee fails to return to work at the conclusion of the leave, the employer may require the employee to reimburse it for the full cost of health care coverage during a period of unpaid leave. However, the employee may not be asked to reimburse the employer if he or she fails to return to work because of:

- the employee's or a family member's legitimate medical reasons;
- legitimate reasons arising out of a family service member's active duty service or call to active duty service in the Armed Forces in support of a contingency operation;
- circumstances beyond the employee's control; or,
- the continuation, recurrence or onset of an employee's or a family member's serious health condition provided that the employee provides the employer with medical certification within 30 days of the employer's request.

5.24 Termination of Employment

If an employee fails to return from a leave of absence after a physician has released them to return to work, the employee is considered "absent without approval" and will be deemed to have voluntarily resigned from his or her position with Fusion Ed.

5.25 Outside Work Prohibited During FMLA Leave

Employees are absolutely prohibited from engaging in any work for an outside employer while on an approved FMLA leave.

If you have any questions regarding FMLA leave, please contact Human Resources.

5.26 Military Leave for Family Members

Eligible employees may take unpaid leave when qualifying family members are called to active duty or are injured, wounded, or hospitalized while serving on active duty.

To be eligible for unpaid military leave, employees must meet all of the following requirements:

- The employee must have been employed by Fusion Ed for at least 12 months.
- The employee must have worked at least 1,250 hours during the 12 months immediately preceding commencement of the leave.
- The employee must not have any other leave available, other than sick leave or disability leave.

If an employee is eligible for military leave, the employee may receive, **once per calendar year, up to 10 days or 80 hours, whichever is less**, of unpaid leave.

Such leave may be taken for the following reasons:

- The employee is the parent, spouse, or a person who has or had legal custody of a person who is a member of the uniformed services who is called into active duty in the uniformed services for a period longer than 30 days; or

- The employee is the parent, spouse, or a person who has or had legal custody of a person who is a member of the uniformed services who is injured, wounded, or hospitalized while serving on active duty in the uniformed services.

"**Active duty**" means full-time duty in the active military service of the United States. Active duty does not include active duty for training, or for any period that a person is absent for the purpose of examination to determine the fitness of the person to perform any duty.

An employee must contact Human Resources and request military leave at least fourteen (14) days before the leave is to begin. Military leave on account of active duty must occur no more than fourteen days before the deployment, and no more than seven days after the deployment of the member of the uniformed services.

To request military leave on account of an injury, wound, or hospitalization, an employee must contact Human Resources and request military leave at least two (2) days before the leave is to begin. If the injury, wound or hospitalization is of a critical or life-threatening nature, the employee may begin the leave without providing prior notice to the employer.

The employer may require employees requesting military leave to provide certification from the appropriate military authority to establish that the criteria for military leave have been satisfied.

During military leave the employer will maintain the employee's benefits that the employer regularly provides to employees. The employee will be responsible for paying the same proportion of the costs of the benefits as he or she regularly pays, including for any group health insurance benefits.

Employees returning from military leave will be restored to the position held prior to taking that leave or a position with equivalent seniority, benefits, pay, and other terms and conditions of employment.

5.27 Military Leave for Military Members

A military leave of absence will be granted to employees who are absent from work because of service in the U.S. uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA). Advance notice of military service is required, unless military necessity prevents such notice or it is otherwise impossible or unreasonable.

Upon presentation of satisfactory military pay verification, the employer will pay the employee the difference between the employee's base compensation and his or her base military pay (excluding expense pay) received while on military duty.

Employees are not required to use their Paid Time Off (PTO) for military leave.

Health insurance benefits will be continued as required by USERRA, based on the length of the leave and subject to the terms, conditions, and limitations of the applicable plans for which the employee is otherwise eligible.

Employees on military leave for training or who have been on leave for up to 30 days are required to return to work for the first regularly scheduled shift after the end of service, allowing for reasonable travel time.

Employees on military leave for more than 30 days must apply for reinstatement in accordance with USERRA and all applicable state laws.

Employees returning from military leave will be placed in the position they would have attained had they remained continuously employed or a comparable one, depending on the length of military service, in accordance with USERRA. Such employees will be treated as though they were continuously employed for purposes of determining benefits based on length of service.

Contact Human Resources for more information or questions about military leave.

5.28 COBRA

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), employees receiving health benefits and their qualified dependents may be eligible to continue health care coverage under the employee group health plan at their expense following certain qualifying events, which include most situations where employment has ended. You will receive notice of your eligibility for COBRA continuation when your employment ends.

5.29 Educational Assistance Grants/Tuition Reimbursement

The skills and knowledge of Fusion Ed' employees are critical to the success of the organization. The continuing education program encourages personal development through formal education so that employees can maintain and improve job-related skills or enhance their ability to compete for reasonably attainable jobs within the organization.

Fusion Ed will provide educational assistance to all eligible, regular full-time employees who have completed at least 30 calendar days of service. To maintain eligibility, employees must remain on the active payroll and be performing their job satisfactorily through completion of each course.

To be eligible for educational assistance, individual courses or courses that are part of a degree, licensing, or certification program must be related to the employee's current job duties or to a foreseeable future position in the organization. The employer has the sole discretion to determine whether a course relates to an employee's current job duties or a foreseeable future position.

While educational assistance is expected to enhance an employee's performance and professional abilities, it does not guarantee or entitle the employee to automatic advancement, a different job assignment, or pay increases.

Fusion Ed invests in educational assistance to employees with the expectation that the investment will be returned through enhanced job performance. However, if an employee voluntarily separates from the employer within one year of the last educational assistance payment, the amount of the payment will be considered only a loan and shall be reimbursed or deducted from the employee's final pay.

Employees should contact the Human Resources Department for more information or questions about educational assistance.

5.30 Paid Time Off (PTO)

Fusion Ed employees who were employed before April 1 of the prior school year will be eligible for full PTO time in the coming school year.

Fusion Ed employees hired after April 1 of the prior school year will be eligible for a pro-rated amount of PTO time during the coming school year.

All time-off requests can be taken with prior approval from your direct supervisor. Time-off requests must be approved prior to the pay period in which the PTO time will be paid.

If you exceed the number of eligible days of PTO during the school year, unless on an approved leave of absence, you may be subject to disciplinary action, up to and including termination.

Please refer to the PTO schedule that was provided to you with your contract, or contact Human Resources for more information.

5.31 Life Insurance

Life insurance offers you and your family important financial protection. Fusion Ed provides a basic life insurance plan of $25,000.00 for eligible employees. You may purchase additional supplemental life insurance coverage.

Eligible employees may participate in the life insurance plan subject to all terms and conditions of the agreement between the employer and the insurance carrier. Details of the basic life insurance plan including benefit amounts are described in the Summary Plan Description provided to eligible employees. Contact Human Resources for more information about life insurance benefits.

VI. Timekeeping and Payroll

6.1 Timekeeping

Every employee is responsible for accurately recording time worked. Federal and state laws require the employer to also keep an accurate record of time worked to calculate employee pay and benefits.

Time worked is the time actually spent on the job performing assigned duties.

If you are a **nonexempt employee**, you should accurately record:

- the time you begin and end each work day,
- the beginning and ending time of each meal period, and
- the beginning and ending time of any split shift or departure from work for personal reasons.

You must obtain your direct supervisor's approval before working any overtime. If you work overtime without prior approval, you will be paid but may be subject to disciplinary action, including termination of employment.

Altering, falsifying, or tampering with time records, or recording time on another employee's time record, may result in disciplinary action, up to and including termination of employment.

Employees must record all time worked and are not permitted to work "off the clock." It is a violation both for an employee to fail to record time worked as well as for an employee to request that another employee work without recording their time appropriately.

- Failure to appropriately record time worked can lead to discipline up to and including termination for the employee and for any employee who requests or allows an employee to work "off the clock."

- Requesting an employee to work "off the clock" and intentionally working "off the clock" is just cause for termination from employment.

You should report to work no more than five (5) minutes prior to your scheduled starting time, and stay no later than five (5) minutes after your scheduled ending time unless you have your supervisor's express prior authorization.

- All time should be kept electronically in the company's time management system. Employees are required to clock in an out of the system and to notify their supervisor if any adjustments are required.

- If corrections or modifications are made to the time record, both the employee and the

supervisor must verify the accuracy of the changes by written exchange. Once both have verified, the supervisor will update the time record in the electronic Time and Attendance System.

6.2 Overtime Pay

Occasionally, hourly and non-exempt employees will be asked by their supervisors to work more than 40 hours in a work week. If so, they are entitled to time-and-a half their hourly rate of pay (annual pay divided by 2080 hours) for all time worked over 40 hours during the work week.

Overtime pay is based on actual hours worked. Therefore, overtime pay does not apply if some of an employee's weekly 40 hours are "benefit" hours, such as:

- Holiday
- Paid Time Off (PTO)
- Sick Days
- Vacation
- Bereavement
- Any unpaid time taken due to the exhaustion of eligible/available PTO, sick or vacation hours.

6.3 Notification of Absence

Employees who are unable to report to work must notify their administrator at least two hours prior to their scheduled start of the work day or as directed. The employee must likewise notify their administrator of any subsequent day(s) of absence.

If you are unable to report to work, please notify your administrator at least TWO HOURS before the scheduled start of the work day, or as directed by your administrator.

If you miss work for three or more consecutive days due to an illness, a written doctor's note is required upon return to work.

For illnesses of more than three consecutive days, the employee and his or her administrator must discuss the possibility of a leave of absence, and must immediately notify Human Resources.

If an employee does not report to work and/or notify their supervisor for three (3) consecutive days, the employee will be deemed to have voluntary resigned his or her employment at the close of business on the third day.

Excessive unapproved time off is considered disruptive to the employer's business and is not acceptable. An employee's employment may be terminated if time off is deemed excessive. Unapproved absences or absences in excess of five (5) days that are not protected by law constitute excessive absenteeism and are just cause for dismissal.

Unapproved absences, absences not protected by law, or tardiness for reasons other than dire emergency will not be condoned. Absence or tardiness for reasons other than those given above require permission of the Fusion Ed Chief Academic Officer, and may result in immediate disciplinary action up to and including reduction in pay and/or termination of employment.

6.4 Tardiness

If you report to work more than fifteen (15) minutes after your scheduled start time, you

will be considered tardy for that day. During any twelve (12) month period, if you are tardy three (3) times, the employer will begin the disciplinary process, up to and including termination.

6.5 Requests for Time Off

All employee requests for PTO time off must be entered into the Time Management System and submitted for approval. Your administrator will review and respond to the request through the Time Management system by indicating whether the request is approved or denied. Employees will receive a response to their request once the supervisor hits approved or denied.

6.6 Payroll

Employees are paid twice a month, on the fifteenth of the month and on the last working day of the month. If a payday falls on a Saturday or Sunday, the pay is issued on the Friday prior to that day.

Hourly employees are paid an amount that reflects the hours worked up to the payroll deadline for each payday. Human Resources/Payroll will provide a payroll due date schedule showing the pay dates and the corresponding cut-off date at the beginning of the school year.

- Hourly employees are not paid for days when the Fusion Ed schools are closed, whether the closure is scheduled or unscheduled.

Fusion Ed takes precautions to avoid errors in pay. If an error should occur in your pay, please immediately notify your administrator, Payroll, or Human Resources, and they will determine whether an adjustment is required. If so, you will receive the adjustment in your next scheduled paycheck.

Fusion Ed is required by federal and state laws to make certain deductions. These required deductions vary by state. Please refer to the individual state and city for specific tax details, or contact Payroll.

Your earnings and the number of exemptions you claim on the Form W-4 and all other state, city, and local withholding forms determine the amount of income tax withheld from your

paycheck. It is to your advantage to keep this information current. You can make changes by contacting Payroll.

6.7 School Calendar and Work Schedule Policy

You will receive a copy of the school calendar for your work location prior to the start of the new school year. You are expected to report for work, as scheduled, for each school day according to management's directive. You are required to participate in school activities as your respective position demands, and as directed by your administrator. Some of these activities are at specific times and places that will be announced by the administrator in advance, such as parent-faculty nights, faculty

meetings, departmental meetings, assemblies, commencement exercises, fund -raisers, and chaperoning. You may also choose to contribute to the support of the school community by voluntarily participating in activities such as parents' club events, special student presentations, and athletic events.

6.8 Work Schedules

The normal work schedule for all regular full-time employees spans eight and a half hours per day, including a 30-minute unpaid lunch break, five days a week. Administrators will advise employees of the times their schedules will normally begin and end. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week. Administrators have discretion to change start and end times, stagger personnel start times, and extend the work day by adding an additional unpaid 30 minutes to lunch breaks.

6.9 Employment Termination

Our goal is to build and maintain lasting work relationships with our employees. Employees who resign are expected to give a minimum of two weeks' notice. We reserve the right to accept an employee's resignation immediately upon notice or to allow the employee to work for the full term of their notice. Unless otherwise informed by the school administrator, employees must actively be at work during a notice period. Paid Time Off (PTO) cannot be used during the notice period nor with any remaining sick or vacation time be paid.

Teachers may not resign during the school year (after July 10) without the written approval of the Fusion Ed Chief Academic Officer. **A teacher who terminates his or her contract without prior written authorization will be referred to the Ohio Department of Education and may be subject to having his or her teaching license suspended for up to one year.**

Once your notice of resignation is received by the administrator, it cannot be withdrawn except with the written agreement of Fusion Ed' Chief Academic Officer, even if the attempt to withdraw is made during the notice period. Some employees may have additional conditions and/or limitations regarding resignation from employment. For more information regarding conditions and/or limitations regarding resignation from employment please see your employment agreement or contact Human Resources.

Employees who fail to comply with additional restrictions or conditions in their employment agreement, if any, may be in breach of their employment agreement.

Human Resources will generally schedule exit interviews at the time of employment termination.

6.10 End of Contract/ End of School Year Procedure

During the Year. Each employee must return any equipment or supplies received during their employment prior to the final work day. Equipment, grade books, lesson plan books, student records and files, school manuals, computers, cell phones, keycards, security badges, building keys, and all school owned materials must be returned to their supervisor at the end of the school year.

Teaching Personnel -- End of School Year. Each teacher must follow the end of year procedures as assigned by their supervisor. Examples include but are not limited to:

- completing a textbook inventory;
- inspecting all issued textbooks for damage;
- assigning responsibility for damage to school property to specific students;
- compiling a list of necessary room repairs;
- updating student cumulative records;
- thoroughly cleaning classroom furniture and student areas; and
- completing classroom inventories of equipment, furniture and teaching materials.

Grade books, lesson plan books, student records and files, school manuals, and all school owned materials must be returned to the administrator at the end of the school year.

VII. Workplace Conduct

Drug- and Alcohol-Free

Fusion Ed High School is committed to being free from all drugs and alcohol, and has zero tolerance for the following behaviors by employees:

- Reporting to work under the influence of a controlled substance;
- Reporting to work under the influence of alcohol;
- Using any controlled substance unless prescribed by a physician;
- Using, possessing, or distributing any alcoholic beverage, anabolic steroids, controlled substances or substances that could be considered a "look alike" controlled substance while working, or while on the premises of any Fusion Ed school facility.

All employees who are on school property, whether attending school gatherings or reporting to work, must be free from the influence of alcohol, illegal drugs, or other controlled substances.

If you violate any of these restrictions, Fusion Ed High School will take immediate disciplinary action, up to and including termination.

7.1 Drug and Alcohol Screening

Fusion Ed may require drug/alcohol screening of employees at any time during or prior to employment. Fusion Ed administrators may conduct searches of the school premises, including without limitation desks and file cabinets, personal vehicles, and any employee packages, briefcases, or purses carried into the school building. An employee has no expectation of privacy on the school premises for such searches.

Fusion Ed reserves the right to request a drug or alcohol test from an employee upon reasonable suspicion of drug or alcohol use in violation of this policy. The employee's consent to such screening and searching is a mandatory condition of employment.

7.2 Smoking/Tobacco Policy

Fusion Ed recognizes the need of many of its employees to work in an environment free of tobacco or other kinds of smoke. Smoking on school grounds is prohibited. Employees and visitors are expected to comply with this policy. Any violation of this policy will subject the employee to disciplinary action, up to and including termination of employment.

7.3 Weapons

No person on the premises of a school facility may possess weapons, including but not limited to firearms and knives. Only authorized security personnel who are on duty may carry job-issued firearms on the premises of a school facility.

7.4 Anti-Harassment Policy

Fusion Ed does not tolerate verbal or physical conduct by any employee, visitor, vendor, or student that harasses, disrupts or unreasonably interferes with an employee's work performance, or creates an intimidating, offensive or hostile environment.

Prohibited workplace harassment includes harassment based on race, color, religion, sex, sexual orientation, national origin, age, disability, handicap, veteran status, military status, genetic information or any other classification protected by federal, state or local law. An employee who has experienced harassment at work by co-workers, supervisors, students or visitors should notify his or her supervisor or Human Resources, call the EthicsPoint hotline, or visit the EthicsPoint web portal.

Harassment is any unwelcome verbal or physical conduct based on characteristics protected by law when:

1. The behavior can reasonably be considered to adversely affect the work environment; or

2. An employment decision affecting the employee is based upon the employee's acceptance or rejection of such conduct.

This Anti-Harassment Policy applies equally to all persons employed by Fusion Ed. Harassment can apply to conduct outside the workplace as well as within the workplace.

If any employee feels that a co-worker, a supervisor, a manager, a vendor or any other person is harassing them, they should make an effect to immediately tell the harasser to stop the offending behavior, and report the offending conduct.

7.5 Sexual Harassment

Unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature constitute sexual harassment. Sexual harassment includes:

a. Sexual flirtations, touching, advances or propositions;

b. Indirect or direct requests for sexual favors;

c. Sexual conduct that is made explicitly or implicitly a term or condition of employment;

d. Submission to or rejection of sexual conduct that is used for the basis of an employment decision;

e. Verbal abuse of a sexual nature;

f. Graphic or suggestive comments about an individual's dress or body;

g. Sexually degrading words to describe an individual;

h. Any display in the workplace of sexually suggestive objects or pictures, including nude photographs; and

i. Sexual conduct that has the purpose or effect of creating an intimidating, hostile or offensive work environment.

7.6 Student Harassment

Harassment is any form of hostility, conduct or language that alters the conditions of the student's school environment and creates a hostile, intimidating or offensive school environment. Additionally, sexual harassment can consist of unwelcome sexual advances, intentional and unwelcome touching, or verbal remarks and requests or demands for sexual favors. The prohibition against harassment is applicable to all employees.

Reported incidents shall be investigated immediately. The incident and report will be kept as confidential as the circumstances permit.

7.7 Other Harassment

Any employee who has engaged in harassment that violates this policy will be subject to disciplinary action, up to and including termination. Additionally, Fusion Ed expressly prohibits any form of retaliatory action against any employee who reports potentially offending conduct under this policy, including making a complaint of harassment or participating in an investigation of alleged harassment.

7.8 Reporting Concerns or Possible Violations

If you want to report a problem, or just have general questions or concerns about the behavior of someone associated with Fusion Ed, you can either call the hotline

844-887-5996

or go to our anonymous whistleblower web portal:

www.fusionedhs.ethicspoint.com

We want to hear from you!

Fusion Ed wants to hear from you if:

- You need advice about whether or how to report concerns about or against someone associated with Fusion Ed;

- You believe that someone acting on behalf of the company is doing – or may be about to do – something that violates the company's Code of Business Conduct and Ethics, Policies and Procedures, Anti-Fraud Policy, or is otherwise illegal or unethical.

Employees have a responsibility to bring any form of harassment to the attention of a supervisor or Human Resources, including harassment directed at any student. You may report in person, in writing, via the hotline, or through our online portal.

Fusion Ed will investigate all reports of sexual or other types of harassment, and will review the results of the investigation with affected persons. We will make every effort to protect the confidentiality of the complainant and any witnesses to the extent possible.

Every supervisor and administrator must immediately report any reports of harassment. Failure to report any such knowledge can result in discipline up to and including termination.

7.9 Reporting Student Abuse/Neglect/Battery/Bullying

A Fusion Ed employee who knows of or suspects abuse or neglect of a minor student, 18 years of age or younger, shall immediately notify his or her supervisor. The employee shall call the local reporting agency in the presence of the supervisor, and document the notification on the Suspected Student Abuse/Neglect Form. The school nurse will be notified by the school administrator, if appropriate.

A Fusion Ed employee who suspects abuse or neglect of a student who is 18 years of age or older must first notify his or her supervisor. The employee must then offer the student the opportunity to report the incident(s) to the local police. The student, as an adult, has the option not to call the police. In either case, the employee must complete a Student Abuse/Neglect Form, which the administrator will place into the student's records.

After reporting suspected abuse, Fusion Ed is no longer involved in investigating the matter. The state will appoint a child protective services investigator who will conduct an investigation. If the student's

family contacts Fusion Ed about a report of suspected abuse, Fusion Ed must refer the family the agency or police department that is handling the matter. All reports are to be kept confidential – including between and among Fusion Ed employees — unless an employee needs to know about the matter to fulfill his or her duties.

7.10 Anti-Bullying Policy

The school prohibits all acts of bullying. Bullying involves repeated, unreasonable acts of individuals (or a group) directed toward an employee, a group of employees, a student, or a group of students and

intended to intimidate, degrade, humiliate, or undermine the persons(s) toward whom the acts are directed, or create a risk to the health and safety of the employee(s) or student(s). Like other disruptive or violent behaviors, bullying disrupts students' ability to learn and the school's ability to educate students in a safe environment. All employees are expected to model appropriate behavior, treat others with civility and respect, and refuse to tolerate bullying.

7.11 Online or Hotline Reporting

Fusion Ed has both a confidential hotline and a confidential online reporting system, operated by EthicsPoint. The hotline number is 844-887-5996, and is available 24/7, 365 days a year. The online portal is www.fusionedhs.ethicspoint.com.

When you file a report online or through the hotline, you will receive a unique user name and will be asked to choose a password. You can later return to the original report to add more detail, or to answer questions from a company representative who has reviewed your anonymous report. You and the company have entered into an "anonymous dialogue," where situations are not only identified, but can also be resolved, no matter how complex. The EthicsPoint system is set up to protect your anonymity, and to ensure that anyone named on your complaint is not given access to your report. For further questions, you can review the EthicsPoint FAQs at https://secure.ethicspoint.com/domain/media/en/gui/48419/faq.pdf.

7.12 Personal Appearance and Dress Code

All employees represent Fusion Ed High School; therefore, all employees are expected to have a professional appearance to support a positive educational environment. The general principles underlying the Fusion Ed' dress code are that employees' clothing should be:

- Reflective of the employee's position as a role model when representing Fusion Ed High School;
- Conducive to the employee's tasks and/or work environment; and
- Clean, modest, and safe.

To support employees and administrators, Fusion Ed suggests the following guidelines for all employees working in a school. Administrators may develop more restrictive guidelines for their campuses, but they may not create less restrictive guidelines. School leaders and department managers may develop alternative guidelines for their departments that take into account employees' job duties and work environment. Administrators shall review these guidelines with their staff each year.

When addressing professional dress with their staff, the supervising administrator has final decision - making authority. Generally, if you are uncertain about whether a particular style of dress or article of clothing is appropriate, choose NOT to wear it to work.

Please be considerate of the fact that the students are required to dress uniformly and adhere to the school dress code. Employees should present a model for students to follow in personal hygiene and appearance.

The following are considered unprofessional:

- Rubber flip flops or thong shoes (unstable sole that folds in on itself);

- Clothes and accessories such as tattoos, jewelry/piercings, extreme hair colors, etc. that are distracting to the learning environment;
- Facial piercings, tongue piercings, excessive earrings;
- Hats or bandanas, except that hats may be worn on outside duty for sun coverage;
- Shirts or dresses that are strapless, have spaghetti straps, or have straps less than 2 inches wide, unless worn under a jacket, blouse, dress or sweater, although sleeveless blouses that meet all other criteria within this regulation are acceptable;
- Exercise pants, sweatpants, sweat shirts, shorts, or other athletic clothing, unless teaching physical education, or supervising activities;
- Visible cleavage;
- Visible undergarments;
- Bare midriffs;
- Clothing that has holes or tears in it, or is excessively wrinkled;
- Clothing that is too tight, too loose, or transparent.

The following are considered modest and professional:

- Clothes that are not too tight, too loose, or transparent;
- Any Fusion Ed High School branded apparel;
- Skirts that are no more than three inches above the knee;
- Capri pants (ankle length);
- Men's shirts with a collar, unless the shirt can be deemed professional by other standards (for example, a school-spirit shirt, or a crewneck sweater);
- No visible cleavage.

Each school may designate specific activities related to school spirit when jeans may be worn.

All employees are expected to keep their work areas clean and organized.

7.13 Meal Periods

All regular full-time employees will have one meal period of thirty minutes each workday. Your supervisor will schedule your meal period to accommodate operational requirements. During meal periods, you are not subject to any work responsibilities or restrictions. You will not be paid for meal period time.

7.14 Personal Property

Fusion Ed does not provide insurance coverage for employees' personal property. This is the responsibility of each individual. Employees should contact their individual insurance agents to check their coverage.

Any personal property brought onto school property is subject to inspection and search.

7.15 Returning Property

Employees are responsible for all property, materials, or written information issued to them by Fusion Ed, or in their possession or control.

Employees must return all property immediately upon request or upon termination of employment, and may not keep any copies of any property in any media form. Fusion Ed may take appropriate action to recover or protect its property. Solicitation

To ensure a productive and harmonious work environment, solicitation of any kind by Fusion Ed employees or of Fusion Ed employees is prohibited during working hours.

While on working time, employees may not distribute or accept any literature other than from charitable organizations. Employees may never distribute or accept any literature other than from charitable organizations while on the premises of a school or corporate facility, whether they are on working or non-working time.

This rule includes literature for all purposes, including lotteries, raffles, political organizations, labor organizations, fraternal organizations, etc. Distribution of literature by a person who is not a Fusion Ed employee is prohibited. If you observe someone violating this policy, please report the violation immediately, either to your supervisor, or via the hotline: or EthicsPoint online portal. Employees who violate this policy may be subject to discipline up to and including termination. Posting written solicitations on bulletin boards within Fusion Ed High School is prohibited.

VIII. Disciplinary Action

This handbook is not a contract and does not otherwise change the terms and conditions of your employment. Any changes to the terms and conditions of your employment can only be made through a written contract, signed by you and Fusion Ed' Chief Academic Officer.

8.1 Causes for Disciplinary Action and Termination of Employment

Examples of offenses that can lead to disciplinary action or dismissal include, but are not limited to:

1. Conviction of an offense that would prohibit the staff member from exercising care and custody over students in the school;
2. Failure to notify to your supervisor that you have been convicted of an offense;
3. Violating state, federal, or local laws or rules, although the conduct may not have resulted in a criminal charge, indictment, prosecution or conviction;
4. Failure to complete a criminal background check, or other mandated employment screenings, as required by state and federal law;
5. Falsifying, intentionally misrepresenting, willfully omitting or being negligent in reporting information to state or federal authorities or on your employment application, timekeeping records, or student records such as:
    a. professional qualifications,

b. criminal history and information submitted in the course of an official inquiry or investigation,

c. college or professional development credit and/or degrees,

d. academic awards,

e. employment history;

6. Intent to inflict physical or emotional harm on a person or cause damage to property, including any behavior that would constitute harassment;

7. Disparaging a colleague, peer or other person in a professional setting (e.g., while teaching, coaching, supervising, or attending a conference) on the basis of race or ethnicity, socioeconomic status, gender, national origin, sexual orientation, political or religious affiliation, physical characteristics, age, disability or English language proficiency;

8. Serious or repeated acts that violate general safety rules or practices;

9. Neglecting your job duties;

10. Insubordination or refusal to comply with supervisor's instructions;

11. Absence from work without notification to Fusion Ed, i.e., failing to report for work, intentionally misrepresenting the reasons for your absence, willfully omitting or negligently reporting absences or leaves;

12. Excessive tardiness and/or unapproved or unprotected absences beyond the paid time off policy;

13. Theft, misappropriation of property, or dishonesty;

14. Possessing, consuming or being under the influence of alcoholic beverages or any non-prescribed, controlled substance during work hours;

a. Please inform your supervisor of any appropriately prescribed prescription medicine you have been given that may affect your job performance or ability to function at work.

15. Possessing explosives, firearms, knives or any other weapons

a. while on the premises of a Fusion Ed High School facility;

b. while representing Fusion Ed or conducting Fusion Ed business as an employee or a volunteer.

16. Unauthorized possession of or unauthorized use of any Fusion Ed' property, equipment, or material;

17. Using technology to intentionally host or post improper or inappropriate material that could reasonably be accessed by the school community;

18. Unauthorized disclosure of confidential records, which include but are not limited to

a. student records;

b. employee records;

c. company records; and

d. standardized tests, test supplies or resources;

19. Willfully or knowingly violating any federal or state student confidentiality laws by publishing, providing access to, or altering confidential student information such as grades,

personal information, photographs, disciplinary actions, or individual educational plans (IEPs) without parental consent or the consent of students 18 years of age and older;

20. Failing to perform job functions or to follow administrative directives in a satisfactory and/or timely manner;
21. Commingling Fusion Ed' funds with personal funds; submitting fraudulent requests for reimbursement of expenses; failing to account for funds collected from students, parents, family members, community members, staff or peers;
22. Using confidential student, family, or school-related information in a non-professional way (e.g., gossip, malicious talk or disparagement);
23. Improper verbal or physical conduct toward a student, parents, family members, community members, staff or peers;
24. Violating Fusion Ed policies, procedures, or job instructions;
25. Failing to perform as stated in the applicable job description;
26. Failing to adhere to any code of professional conduct or equivalent as mandated by each state.

This list is intended to provide examples. Conduct may be grounds for disciplinary action even if not specifically mentioned here.

These are examples of conduct that will trigger progressive discipline. Fusion Ed will investigate each occurrence of alleged misconduct by an employee and determine the appropriate level of discipline based upon the specific facts presented.

If an employee engages in conduct while off-duty and not at a Fusion Ed location, Fusion Ed may nonetheless discipline the employee, up to and including discharge, if the conduct causes unfavorable publicity to Fusion Ed, impairs the credibility of the employee to perform the employee's job, or is otherwise connected to Fusion Ed.

8.2 Progressive Discipline

Fusion Ed is committed to ensuring fair treatment of all employees and in making prompt, uniform, and impartial decisions regarding disciplinary actions. The primary goals of disciplinary action are to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future.

Progressive discipline means that, with respect to most disciplinary problems, these steps will normally be followed: a first offense may call for a verbal warning; a next offense may be followed by a written warning; another offense may lead to a suspension; and, still another offense may then lead to termination of employment. Each step will be documented and placed in the employee's

confidential personnel file. Fusion Ed recognizes that certain employee problems or misconduct are serious enough to justify a suspension or termination of employment without going through the usual progressive discipline steps.

IX. Conflict Resolution

Fusion Ed is committed to providing the best possible working conditions for its employees. Part of this commitment is encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response from the administrator and management.

Fusion Ed strives to ensure fair and honest treatment of all employees. Supervisors, managers, and employees are expected to treat each other with mutual respect. Employees are encouraged to offer positive and constructive criticism.

If employees disagree with established rules of conduct, policies, or practices, they can express their concern through the problem resolution procedure. No employee will be penalized, formally or informally, for voicing a complaint in a reasonable, business-like manner, or for using the problem resolution procedure.

If a situation occurs when employees believe that a condition of employment or a decision affecting them is unjust or inequitable, they are encouraged to make use of the Open Door Policy.

9.1 Open Door Policy

At Fusion Ed, we strive to treat all employees fairly, with dignity and respect. Employees are encouraged to bring their concerns about work-related situation to the attention of management in an effort for effective resolution. Employees will be provided with an opportunity to present their concerns, without fear of retaliation from supervisors or co-workers. All concerns should be addressed through honest, frank discussion in an atmosphere of cooperation.

In most cases, when an employee has a concern, it should be brought to the attention of his or her immediate supervisor. If the matter is of a serious nature that cannot be discussed with the immediate supervisor, then the next level supervisor should be contacted. If the concern is one that cannot be discussed with the next level supervisor, then the Director of Human Resources may be contacted, or the employee may use the EthicsPoint hotline or online portal to anonymously report his or her concerns.

9.2 Whistleblower Policy

Fusion Ed is committed to maintaining the highest standards of business conduct and ethics, as well as full compliance with all applicable government laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matters relating to fraud (collectively “Accounting Concerns”).

All Fusion Ed’ employees as well as vendors and other interested parties are encouraged to report possible fraudulent or dishonest conduct. The Whistleblower Hotline and website will be maintained by an independent third party outside agency not affiliated with the company. A special toll-free number and hotline website will enable company employees to report potential violations to a specially trained third - party. Callers will not be talking to a Fusion Ed’ employee when they call, but to an EthicsPoint employee who will not know the caller’s name and who is obligated to protect the caller’s confidentiality.

The Whistleblower Hotline is available 24 hours a day, seven days a week. Employees may report a complaint by dialing 1-866-846-8041 or by visiting the hotline website at www.fusionedhs.ethicspoint.com.

All reports will be confidential during the investigatory stage to the greatest extent possible, unless the person making the complaint agrees to disclosure. Continued confidentiality may not be possible in the event legal action or prosecution is taken against the alleged offender.

The full **"Whistleblower Policy"** and the **"Reporting and Investigating Financial Fraud Policy"** can be reviewed on the Fusion Ed website.

X. Workplace Conditions

Health and Safety

Safety first! It is our commitment, and safety starts first and foremost with you. Together we can:

- Keep a focus on safety each and every day;
- Make sure work areas stay clean and organized;
- Quickly correct any unsafe conditions so we are free of hazards;
- Follow the correct and safe methods of performing job duties;
- Offer suggestions for safety improvements.

All employees are responsible for reporting unsafe conditions, including the needed repair of any equipment. Employees should never engage in unsafe activities that may endanger other employees, students, or visitors. If you see someone making an unsafe decision, please report it to your immediate supervisor or Human Resources, call the whistleblower hotline, or report it via the online EthicsPoint portal.

Health and safety policies are posted in the school facilities. All employees should review the policies to be certain that they are followed at all times. Failure to follow these policies can result in discipline, up to and including termination.

All managers, supervisors, and employees are responsible for protecting and securing property, materials, equipment and facilities, and reporting any security violations, thefts and other security-related incidents to their supervisor or to Human Resources. Failure to protect, secure, or report any such violations can result in discipline, up to and including termination.

10.1 Reporting Workplace Injuries

When an accident or injury happens, let your supervisor know immediately and contact Human Resources with details. Do not wait --- it is important that you report all workplace injuries or illnesses as soon as they occur.

If you or another associate, or visitor, are injured in the office, follow these simple procedures:

- Contact Human Resources immediately, as even the smallest accident must be reported.

- Limit your discussion of the accident to your supervisor and Human Resources.
- Offer your help if another associate or visitor becomes injured or ill.
- Do not move the person or attempt to provide medical help unless you are certified to do so.
- Complete a written Accident Report provided by Human Resources.
- Ask your supervisor to complete a report and ask any witnesses to complete a witness statement, also provided by Human Resources.

Fusion Ed complies with all federal and state laws regarding workplace injuries. All work-related injuries (including injuries that arise during work related travel) must be immediately reported to your supervisor both verbally and in writing. The supervisor must submit the information to the Human Resources Department within 24 hours of the event. Human Resources will file the claim with the appropriate agency. Employees who seek medical attention for a workplace injury are required to provide a return to work slip from the physician or medical facility upon returning to work.

In the event of a workplace injury, Fusion Ed may require drug/alcohol testing.

10.2 Safety Drills and Emergencies

Each Fusion Ed building has safety drills and emergency procedures designed for each building. You must understand the drills and procedures and be ready to follow them.

School Building Evacuation. In the event of an emergency evacuation, please follow the Safety Drills and Emergency Procedures for that building. This procedure can be found with the building administrator. Emergency evacuation routes are located in each room of the buildings.

Unscheduled School Closings. In the event of an emergency school closing due to inclement weather or a facilities problem, please refer to your local news or radio stations. Employees may need to report to the building even though the students do not. Employees are to comply with Fusion Ed' procedures regarding the need to report to work. The administrator will determine which, if any, employees need to report to work when the school closes due to weather.

10.3 Use of Phone and Mail Systems

Personal use of the telephone for long-distance and toll calls is not permitted. Employees should practice discretion when making local personal calls and may be required to reimburse Fusion Ed for any charges resulting from their personal use of the telephone.

To ensure effective telephone communications, employees should always use the approved greeting and speak in a courteous and professional manner. Please confirm information received from the caller, and hang up only after the caller has done so.

The use of Fusion Ed postage for personal correspondence is not permitted.

10.4 Media Policy

All employees shall refrain from talking to the media on any issues related to students or the schools. If a media representative contacts you, you must refer all inquiries to your administrator or the Fusion Ed Chief Academic Officer.

Employees are prohibited from releasing any private information regarding students or Fusion Ed in any media whatsoever, including any and all social media, whether general or restricted.

10.5 Civic and Community Activities

Fusion Ed encourages employees to participate in various civic and community activities unless participation interferes with job responsibilities.

10.6 Visitors in the Workplace

Only authorized visitors are allowed in the workplace. Restricting visitors helps maintain safety, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

All visitors to a Fusion Ed high school should enter through the main entrance and sign in at the front desk or with security. Authorized visitors will receive directions or be escorted to their destination. Employees are responsible for the conduct and safety of their visitors. If an unauthorized individual is observed on premises, employees should immediately notify their supervisor or, if necessary, direct the individual to the main office.

XI. Information Technology

11.1 Technology Policy

Fusion Ed' email, computer, internet, and telephone systems are intended to facilitate the efficient transmittal of business-related information, thereby enhancing our ability to serve customers more swiftly and effectively. All company electronic systems, including without limitation, electronic mail (email), voice mail, social networks, messaging systems, mailboxes, websites, internet access, server use including remote access, digital video recorders (DVR), camera systems, phone and voice mail systems, smartphones, computer files, and all information transmitted, received, or stored in these systems are the property of Fusion Ed. By using these systems or signing the acknowledgment attached to this document, you agree to Fusion Ed' access to all electronic communications and files.

Employees have no personal privacy rights in any information or electronic communication created, received, or sent using Fusion Ed' e- mail and/or equipment. For that reason, the following policies apply to all email, computer, Internet, and telephone systems:

- All email and voicemail messages, computerized documents, and the computer systems on which they are stored are the property of Fusion Ed. Fusion Ed reserves the right to access, inspect, and disclose all communications transmitted or received by email or any other electronic means at any time.

- Use of Fusion Ed' technology and equipment constitutes an employee's consent to Fusion Ed' acquisition, inspection, and disclosure of any information that is transmitted, received, or stored.
- Routine or emergency system maintenance may require technicians to examine files stored on the computer systems.
- Internet access by all users is monitored and tracked to ensure compliance with Fusion Ed' policies.

Employees using email must comply with the standards applicable to other professional business communications and with Fusion Ed' policies, including but not limited to its anti-harassment, workplace violence, and anti-discrimination policies.

- As with other professional business communications, no employee may send an email or visit websites containing offensive and off-color language, threats, vulgarities, obscenities, derogatory remarks, or any language that can be construed as harassment or discrimination on the basis of race, religion, color, gender, age national origin, disability, sexual orientation, ethnicity, pregnancy, genetic information or any other legally protected basis.
- Transmitting any material in violation of federal or state law is strictly prohibited.

Voicemail, email and/or the internet shall be used primarily for matters related to Fusion Ed' operations, and may not be used to solicit others.

Fusion Ed will deal swiftly and severely with any unauthorized use of its computer systems to commit criminal activity.

- Unauthorized use of Fusion Ed' computers, including email and internet capabilities, to engage in any of the following activities is strictly prohibited. "Use" includes attempts to use Fusion Ed' computers, even if unsuccessful. Employees who violate this prohibition will be subject not only to termination from employment but also criminal prosecution under the Computer Fraud and Abuse Act of 1986, as amended (18 U.S.C. § 1030).
- Prohibited activities include:
    - Knowingly accessing a computer without authorization to obtain national security data;
    - Intentionally accessing a computer without authorization to obtain:
        - information contained in a financial record of a financial institution or contained in a file of a consumer reporting agency on a consumer;
        - information from any United States department or agency; or
        - information from any protected computer if the conduct involves an interstate or foreign communication;
    - Intentionally accessing without authorization a government computer and affecting the use of

      the government's operation of the computer;
    - Knowingly accessing a computer with the intent to defraud and thereby obtaining anything of value;
    - Knowingly causing the transmission of a program, information, code, or command that causes damage or intentionally accessing a computer without authorization, and as a result of such conduct, causing damage that results in:

- loss to one or more persons during any one-year period aggregating at least $5,000 in value;
- the modification or impairment, or potential modification or impairment, of the medical examination, diagnosis, treatment, or care of one or more individuals;
- physical injury to any person;
- a threat to public health or safety; or
- damage affecting a government computer system.

o Knowingly, and with the intent to defraud, trafficking in a password or similar information through which a computer may be accessed without authorization.

Because of the threat to confidentiality posed by transmitting information over the internet, employees transmitting confidential messages or files via email to any person or entity outside of Fusion Ed must abide by all laws and other policies regarding the transmission of confidential information.

Fusion Ed' email, voicemail and internet systems, like its other information systems, shall not be used to transmit abusive or offensive messages. For example, employees shall not transmit messages that could be construed as harassing or disparaging to others. Electronic communications containing offensive, off-color vulgarities will not be tolerated, and messages should not contain derogatory remarks based on race, color, religion, sex, sexual orientation, sexual identity, national origin, age, disability, handicap, veteran status, military status, genetic information or any other classification protected by federal, state and local law or ordinance.

Employees are not permitted to access another employee's email, voicemail, and/or computerized documents without the latter's permission. (As stated above, however, Fusion Ed reserves the right to access employees' email, voicemail and all other computer files).

NOTE: As you use Fusion Ed' technical resources, it is important to remember the nature of the information created and stored there. Because they seem informal, e-mail messages are sometimes offhand, like a conversation, and not as carefully thought out as a letter or memorandum. Like any other document, however, an email message or other computer information can later be used to indicate what an employee knew or felt. For example, an email message can be used in a court of law or other public forums. Keep this in mind when creating email messages and other documents. Even after you delete an email message or close a computer session, it may still be recoverable and may remain on the system.

Fusion Ed considers conduct in violation of this policy as outside the course and scope of employment. Accordingly, to the extent permitted by law, Fusion Ed reserves the right not to provide a defense or pay damages assessed against employees for conduct that was in violation of this policy.

11.2 Confidential Information

Email and internet/web access are not entirely secure. Others outside Fusion Ed may be able to monitor your email and internet access. For example, internet sites maintain logs of visits from users that identify which computer accessed the service. If the work you are doing requires a higher level of security, please ask your supervisor or the IT department for guidance.

All employees must safeguard Fusion Ed' confidential information, including students' personally identifiable information, from disclosure. Be aware of whether other can see or hear your email or voicemail message. Any documents containing confidential information should not be left visible on

your computer or your desk while you are away from your work area, even if you are gone for only a few minutes.

Avoid sending emails with confidential information in them. Doing so may violate federal privacy laws governing education records (FERPA) and health information (HIPAA). The best practice is to send notifications only via email, and send documents with confidential information in them only via U.S. mail, encrypted email, or via hand-delivery.

11.3 Your Responsibilities

Each employee is responsible for the content of all text, audio, or images that are placed on or sent over Fusion Ed' electronic equipment.

Employees may access only files or programs, whether computerized or not, for which they have permission to access.

Violations of any guidelines in this policy may result in disciplinary action up to and including termination. In addition, Fusion Ed may report any legal violations to appropriate authorities.

11.4 Cell Phone Policy

Fusion Ed provides employees with efficient, cost-effective communication equipment and services.

Employees' use of Fusion Ed' cell phones shall conform to this policy.

An employee has no right or expectation of privacy in using a cell phone provided by Fusion Ed, including voicemails.

11.5 Fusion Ed Cell Phones

Because you can talk anywhere on a cell phone, it is easy to forget that others might be able to overhear your conversation. If you are discussing confidential information on a cell phone, be sure you are in a private place where others will not inadvertently hear your conversation.

Employees are responsible for taking reasonable precautions to prevent theft and/or vandalism of cell phone. Cell phone usage must comply with Fusion Ed' *Mobile Device Security Policy* below.

11.6 Personal Calls

Fusion Ed recognizes that occasions arise when personal calls need to be made or received on an employer-owned cell phone. However, cell phones are provided for business purposes. Personal calls are to be minimized. If you must call your family when you are required to work extended hours, that is considered a business call.

Fusion Ed reserves the right to monitor the billing and use of all cell phones it provides for employees, and has the authority to withhold any un-reimbursed amount from the employee's wages.

11.7 Employee-Owned Cell Phones

It is the policy of Fusion Ed to allow employees limited use of personal cell phones during working hours. Any use of personal cell phones must not result in additional costs to Fusion Ed, and must not interfere with an employee's job performance or Fusion Ed' normal business operations. Employees shall exercise good judgment in both the duration and frequency of such calls.

11.8 Mobile Device Security Policy

Company-owned mobile devices must be appropriately secured at all times. Flash or thumb drives can be easily misplaced, and smartphones can contain email as well as other confidential information.

To prevent sensitive or confidential information from being lost, stolen, or otherwise compromised, and to reduce the risk of spreading viruses to the Fusion Ed' computing and information infrastructure, all employees must follow these mobile device security policies:

1. All mobile devices issued by Fusion Ed must have encryption turned on, must have device authentication turned on, and must be password-protected at all times.
    a. Choose a strong password – at least eight (8) characters in length.
    b. Turn on screen locking and screen timeout on your mobile device.
2. You are responsible for ensuring that every mobile device issued to you by Fusion Ed is safe from theft or unauthorized access.
    a. The easiest way to ensure your mobile device is secure is to keep it in your physical presence at all times.
    b. If you store a device, store it in a secure place, preferably out of sight.
3. If your mobile device is lost or stolen, promptly report the incident to your supervisor and the Fusion Ed Operations Department and to proper authorities.
4. If you have sensitive or confidential documents, audio, or video on a mobile device, encrypt them, if possible.
    a. Delete sensitive or confidential information as soon as possible.
    b. Take your mobile device to IT for complete erasure of a mobile device before returning it, exchanging it, or otherwise disposing of it.
5. Disable all mobile device options and applications that are not in use.
6. If a mobile device is used for transitional storage (for example copying data between systems), you must securely delete the data from the mobile device immediately upon completing the transfer.

XII. Social Media Policy

Fusion Ed recognizes that technology can enhance students' learning experience while also recognizing that each employee has an obligation to ensure responsible and safe use of these technologies.

12.1 Social Media in the Classroom

Fusion Ed provides password-protected social media tools and technologies for learning, and encourages the use of such tools for collaboration and innovation. However, public social media networks outside of those sponsored by Fusion Ed may not be used for classroom instruction or school-sponsored activities without the prior authorization of the Chief Academic Officer or her designee, as well as parental consent for students' participation on social media networks. Fusion Ed administrators may use these and other technologies to communicate with the general public.

Employees must not post any information or engage in any communications that violate state or federal laws or Fusion Ed policies.

Social media and networking sites include but are not limited to internet forums, blogs and micro blogs, online profiles, wikis, podcasts, LinkedIn, Facebook, YouTube, Twitter, Instagram, SnapChat, pictures, video, and instant messaging. The lack of explicit reference to a specific site or app does not limit the application of this policy. Always consult with your supervisor or any member of the Leadership Team at the central campus if you are uncertain of what constitutes social media, social networking, or have questions regarding this policy.

12.2 Social Media Outside of the Classroom

The boundary between professional and personal relationships can be easily blurred in social media. When employees choose to engage with students, families, or fellow employees in a social media context outside those approved by Fusion Ed, they are advised to maintain their professionalism as Fusion Ed employees. Additionally, Fusion Ed' employees are expected to model appropriate behavior, address inappropriate behavior involving students or other employees, and continue to have legal responsibilities if they are mandatory reporters.

Employees may not speak on behalf of Fusion Ed or maintain any social media or networking sites on behalf of Fusion Ed unless they are given explicit written permission from the Chief Academic Officer of Fusion Ed High School. Employees shall protect the privacy of students and others associated with Fusion Ed, and are prohibited from disclosing any confidential, proprietary, internal, and/or non-public information to which they have access because of their employment.

Employees may identify themselves as an employee of Fusion Ed on social media and social networking sites, but shall represent Fusion Ed and themselves in a respectful, professional manner, and comply with all Fusion Ed policies.

Employees shall not be "friends" with any current or former students under the age of 18 on any personal social media sites.

Employees may not post images on any social media network of coworkers without the co-workers' consent. Employees may not post images of students on any social media network without written parental consent (for students under age 18) or written consent of the student (for students over age 18), unless the photos were taken in public arena, such as at sporting event or a public performance.

Employees may not post any nonpublic images of Fusion Ed' premises or property, including floor plans

or photos of classrooms. School logos or any other trademarked company owned images or icons are prohibited from being posted on personal social media sites.

12.3 Schools' Social Media

Individual Fusion Ed High Schools that have a social media page or would like to create one shall contact the Chief Academic Officer of Fusion Ed. All school-created pages must have a designated full-time employee who is responsible for the content of the page. The page must link back to the Fusion Ed' website, and postings should be brief, redirecting a visitor to the main Fusion Ed' website.

Login and User IDs will be created and maintained by the IT Department.

All posts on a Fusion Ed social media site should be professional in tone and respectful of students, parents, and other employees.

Remember:

- You are liable for anything you post to social media. Think twice before posting.
- Consider your audience and exercise good judgment.
- Respect copyrights and trademarks.
- Do not post names or pictures of current or former students without the written consent of the student's parent(s) or legal guardian and the administrator of the building.

Violations of the Fusion Ed' Social Media Policy will result in disciplinary action, up to and including termination of employment.

XIII. Acknowledgment of Receipt of Employee Handbook

This employee handbook has a lot of useful information. To be successful, you will need to be familiar with and understand Fusion Ed policies and procedures. If you have any questions, please review them with your supervisor or Human Resources.

Your signature here acknowledges your receipt and understanding of the provisions contained in this handbook. The handbook summarizes many, but not all, of the benefits of your employment. Although the handbook reflects our current policies, it may be necessary to make changes from time to time to best serve the needs of Fusion Ed. We reserve the right to change any policy or benefit at any time with or without specific written notice ahead of time, but will provide you notice of the change after we make it.

The policies and statements contained in this employee handbook, and any future changes, are **NOT** a contract of employment. Instead, the handbook provides information and guidelines to improve our mutual communication. The handbook does not change the terms and conditions of your employment, which are specifically stated in your written employment contract. Your employment status can change only with a written amendment to your contract, signed by you and by us.

When you sign this form you are acknowledging that you have read and understand:

- The contents of this booklet;
- The fact that your employment is “at-will” and that no one can change or alter your “at-will” status except through a written contract;
- That you have read and understand the School Anti-Harassment policy within this handbook;
- The importance of Fusion Ed policies and procedures, and potential disciplinary action up to and including termination of employment if you do not comply;
- That this booklet does not contain every employment policy and procedure of Fusion Ed.

School Name: _____

Employee’s Printed Name: _____

Employee Signature: _____

Date: _____

Witness Signature and Date: _____

XIV. Acknowledgment of Receipt of Company Property

I acknowledge that I received the devices described below and I understand that the devices described below are the property of Fusion Ed. In the event my relationship with the company ends, I understand I must return the property at the time of my resignation or separation, or within three (3) days if I am unable to return the property at the time of my resignation or separation.

I further acknowledge that I will use the Fusion Ed property for purposes related to my job. I will not abuse the property and will return the property in working condition. If I use the devices for personal reasons and Fusion Ed incurs additional fees and expenses as a result, I agree to reimburse the company for all fees and expenses related to my personal use of the devices. Moreover, I will not use the property in a way that may violate the law or any of the policies contained in the employee handbook. I further acknowledge that I have read the technology policy within the handbook and agree to abide by that policy when using the devices listed below.

Description of Property:

_____

_____

_____

_____

School Name: _____

Employee's Printed Name: _____ Employee Signature Date: _____

Witness Signature and Date:_____

Indiana Department of Education
SUPPORTING STUDENT SUCCESS

RISE
Evaluation and Development System

Evaluator and Principal Handbook

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If you have received this document from any source other than the RISE website, it may have been altered from its original version. For the official, and most up-to-date version, please visit www.riseindiana.org

Indiana Principal Evaluation: Public Law 90

The 2011 Education Agenda put students first by focusing on the individuals who most strongly influence student learning every day—teachers. Indiana is committed to effectively supporting teachers and to ensuring the success of every student. Doing so requires that every school in the state is led by effective principals, as these school leaders have a tremendous impact on both teacher effectiveness and student learning.

As a starting point for increasing principal effectiveness, we need fair, credible and accurate annual evaluations to differentiate principal performance and to support their professional growth. With the help of educators throughout the state, the Indiana Department of Education has developed an optional model evaluation system named RISE. Whether or not corporations choose to implement RISE, the Department's goal is to assist corporations in developing or adopting models that comply with Public Law 90, and are fair, credible, and accurate. Regardless of model or system, evaluations must:

- **Be Annual:** Every principal, regardless of experience, deserves meaningful feedback on their performance on an annual basis.

- **Focus on Student Growth and Achievement:** Evaluations should be student-focused. First and foremost, an effective principal creates the conditions for all students to make academic progress. A thorough evaluation system includes multiple measures of principal performance, and growth and achievement data must be one of the key measures.

- **Include Four Rating Categories:** To retain our best principals, we need a process that can truly differentiate the performance of our best school leaders, and give them the recognition they deserve. If we want all principals to perform at the highest level, we need to know which individuals are achieving the greatest success and give support to those who are new or struggling.

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Indiana's State Model on Principal Evaluation

Background/Context

RISE was designed to provide a quality system that local corporations can adopt in its entirety, or use as a model as they develop evaluation systems to best suit their local contexts. A representative group of teachers and leaders from across the state, along with staff from the Indiana Department of Education (IDOE), contributed to the development of the RISE principal evaluation system. These individuals dedicated their time and expertise to develop a system that represents excellence in leadership and serves to guide principal development.

A meaningful principal evaluation system reflects a set of core convictions about leadership. From the beginning, the Indiana Department of Education sought to design a model evaluation system focused on effective leadership practice and student outcomes. RISE was designed to be fair, accurate, transparent, and easy-to-use. The IDOE designed the RISE principal evaluation system based on four core beliefs about principal evaluation:

- **Principals matter.** There are two things that account for most of what schools contribute to increased student learning: teacher practice and principal practice. While individual teachers have the most significant impact on the students they serve, the school leadership plays a critical role in boosting teacher effectiveness and teacher satisfaction. Furthermore, research clearly points to principals as having a significant, independent effect on student learning.

- **The job of principals has changed.** Along with our understanding of the impact of principals, we have developed a more sophisticated understanding of the actions that principals take to drive higher levels of student achievement. RISE puts a premium on those actions in the evaluation of each and every principal.

- **Principal effectiveness needs to be recognized and emulated.** Unfortunately, many evaluations treat principals like interchangeable parts—rating nearly all principals the same and failing to give principals the accurate, useful feedback they need to do their best work in schools. We need to create an evaluation system that gives principals regular feedback on their performance, opportunities for professional growth, and recognition when they do exceptional work. We're committed to creating evaluations that are fair, accurate and consistent, based on multiple factors that paint a complete picture of each principal's success in leading his or her school to higher levels of performance.

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- **A new evaluation system will make a positive difference in principals' everyday lives.** Novice and veteran principals alike can look forward to detailed, constructive feedback, tailored to the individual needs of their schools and students. Principals and corporation leaders will meet regularly to discuss successes and areas for improvement, set professional goals, and create an individualized development plan to meet those goals.

Timeline for Development

The timeline below reflects the roll-out of the state model for principal evaluation. Public Law 90, passed in April of 2011, requires statewide implementation of new or modified evaluation systems compliant with the law by school year 2012-2013. To assist corporations in creating evaluation models of their own, the state piloted RISE in school year 2011-2012. This handbook reflects the refined model of the original system. Corporations may choose to adopt RISE entirely, draw on components from the model, or create their own system for implementation in school year 2012-2013. Though corporations are encouraged to choose the evaluation system that best meet the needs of their local schools and principals, in order to maintain consistency, only corporations that adopt the RISE system wholesale or make only minor changes may use the RISE label, and are thus considered by the Indiana Department of Education to be using a version of RISE. For a list of allowable modifications of the RISE system, see Appendix A.

Figure 1: Timeline for RISE design and implementation

* Note: Statewide implementation refers to corporations adopting new evaluations systems in line with Public Law 90 requirements. The RISE model is an option and serves as a resource for corporations, but is not mandatory.

Performance Level Ratings

Each principal will receive a rating at the end of the school year in one of four performance levels:

- **Highly Effective:** A *highly effective* principal consistently exceeds expectations. This is a principal who has demonstrated excellence, as determined by a trained evaluator, in locally selected competencies reasonably believed to be highly correlated with positive student learning outcomes. The students in the highly effective principal's school, on aggregate, have generally

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exceeded expectations for academic growth and achievement based on guidelines suggested by the Indiana Department of Education.

- **Effective**: An *effective* principal consistently meets expectations. This is a principal who has consistently met expectations, as determined by a trained evaluator, in locally selected competencies reasonably believed to be highly correlated with positive student learning outcomes. The students in the effective principal's school, on aggregate, have generally achieved an acceptable rate of academic growth and achievement based on guidelines suggested by the Indiana Department of Education.

- **Improvement Necessary**: A principal who is rated as *improvement necessary* requires a change in performance before he/she meets expectations. This is a principal who a trained evaluator has determined to require improvement in locally selected competencies reasonably believed to be highly correlated with positive student learning outcomes. On aggregate, the students in the school of a principal rated improvement necessary have generally achieved a below acceptable rate of academic growth and achievement based on guidelines suggested by the Indiana Department of Education.

- **Ineffective:** An *ineffective* principal consistently fails to meet expectations. This is a principal who has failed to meet expectations, as determined by a trained evaluator, in locally selected competencies reasonably believed to be highly correlated with positive student learning outcomes. The students in the ineffective principal's school, on aggregate, have generally achieved unacceptable levels of academic growth and achievement based on guidelines suggested by the Indiana Department of Education.

Overview of Components

The principal's role is a highly complex one. RISE relies on multiple sources of information to paint a fair, accurate, and comprehensive picture of a principal's performance. All principals will be evaluated on two major components:

1. **Professional Practice** – Assessment of leadership practices that influence student learning, as measured by competencies set forth in the Indiana Principal Effectiveness Rubric. All principals will be evaluated in the domains of Teacher Effectiveness and Leadership Actions.

2. **Student Learning** – A principal's contribution to student academic progress, assessed through multiple measures of student academic achievement and growth, including the A-F Accountability Model as well as progress towards specific Administrative Student Learning Objectives (SLOs) using state-, corporation-, or school-wide assessments.

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Evaluation of Other Administrators

The RISE Principal Evaluation and Development System (referred to simply as RISE through the rest of the document) was created with principals in mind and may not always be appropriate to use to evaluate other school or district administrators. Though certain components of RISE can be easily applied to individuals in other administrative positions, it is ultimately a corporation's decision whether or not to modify RISE or adapt a different evaluation system for these roles. Corporations that modify RISE or adapt a different system for administrators other than principals are still considered by the Indiana Department of Education to be using a version of RISE as long as they are using RISE for principals and this version of RISE meets the minimum requirements specified in Appendix A.

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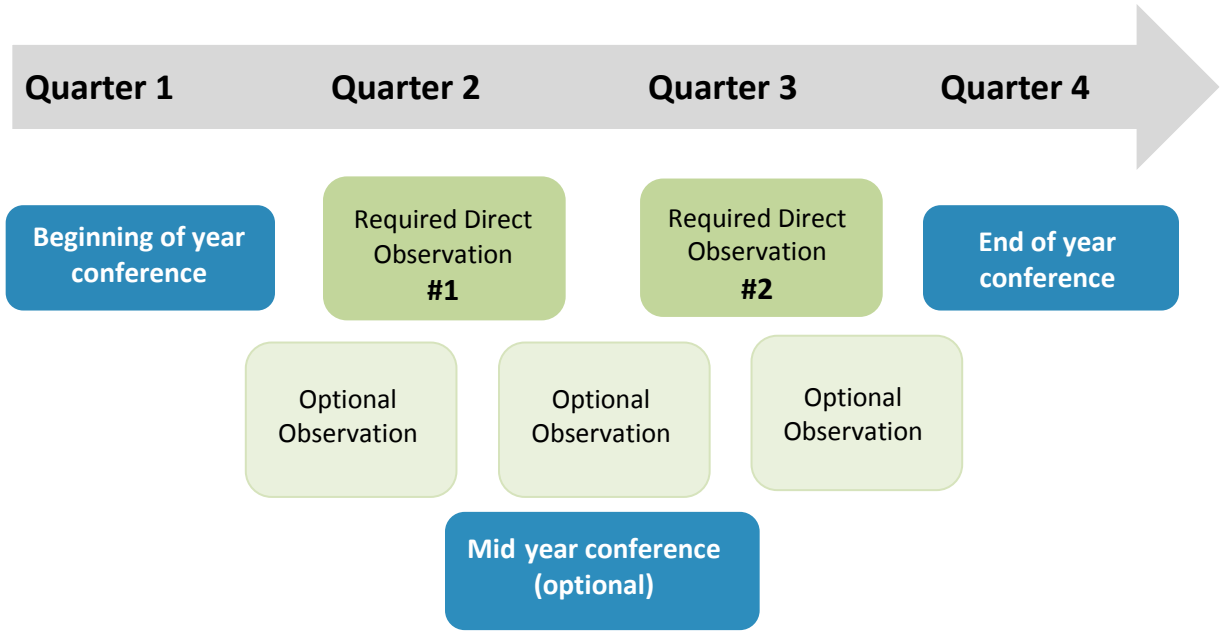
Timeline for Principal Evaluation

Evaluation is an annual process and tracks the arc of the school year, as shown in the figure below.

Figure 2: Sample Principal Evaluation Timeline



At the beginning of the year, the principal and evaluator meet for a **beginning-of-year conference**. This is an opportunity to discuss the principal's prior year performance, review the Administrative Student Learning Objectives written by the principal, and map out a plan for the year. Evaluators and principals should leave the conference with clarity on:

- The Administrative SLOs;
- The areas of practice that will be the focus for a principal's work and an evaluator's support throughout the year; and
- A plan for regular observation and feedback (with an understanding that the evaluator may visit unannounced as well).

Throughout the school year, the evaluator collects evidence, including two **required direct observations** and, preferably, numerous additional direct and indirect observations. Each of these observations is accompanied by feedback to the principal.

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A strongly recommended but optional element of RISE is a **mid-year conference**. Held in the middle of the year, this is an opportunity for the evaluator and principal meet to discuss performance thus far. Evaluators can prepare for this conference by reviewing observation notes and feedback to date, while the principal can use it as an opportunity to share interim student learning data that demonstrate progress toward accomplishment of Administrative SLOs.

In the spring, evaluators and principals meet for an **end-of-year conference**. This is an opportunity to review the principal's performance on all of the competencies of the Principal Effectiveness Rubric and, if available, data supporting the accomplishment of Administrative SLOs.

It is important to note that, depending on when all the data necessary for assigning a summative rating are available, either the beginning-of-year or end-of-year conference will also serve as a **summative conference**. This is when the evaluator shares his/her **summative rating** of the principal, reviewing the principal's areas of strengths and development for the year.

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Component 1: Professional Practice

Indiana Principal Effectiveness Rubric: Background and Context

The Principal Effectiveness Rubric was developed for four key purposes:

1. **To shine a spotlight on great leadership:** The rubric is designed to assist schools and districts in their efforts to increase principal effectiveness and ensure the equitable distribution of great leaders across the state.

2. **To provide clear expectations for principals:** The rubric defines and prioritizes the actions in which effective principals must engage to lead breakthrough gains in student achievement.

3. **To help principals and their managers identify areas of growth and development:** The rubric provides clear language differentiating levels of performance, so that principals can assess their own performance and identify priority areas for improvement in their practice.

4. **To support a fair and transparent evaluation of effectiveness:** The rubric provides the foundation for accurately assessing school leadership along four discrete proficiency ratings.

While drafting the Principal Effectiveness Rubric, the development team examined leadership frameworks from numerous sources, including:

- Achievement First's *Professional Growth Plan for School Principals*
- CHORUS's *Hallmarks of Excellence in Leadership*
- Clay Christensen's *Disrupting Class*
- Discovery Education's *Vanderbilt Assessment of Leadership in Education (VAL-ED)*
- Doug Reeves' *Leadership Performance Matrix*
- Gallup's *Principal Insight*
- ISLLC's *Educational Leadership Policy Standards*
- Kim Marshall's *Principal Evaluation Rubrics*
- KIPP's *Leadership Competency Model*
- Mass Insight's *HPHP Readiness Model*
- National Board's *Accomplished Principal Standards*
- New Leaders for New Schools' *Urban Excellence Framework*
- NYC Leadership Academy's *Leadership Performance Standards Matrix*
- Public Impact's *Turnaround Leaders Competencies*
- Todd Whitaker's *What Great Principals Do Differently*

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Indiana Principal Effectiveness Rubric: Overview

The rubric is divided into two domains – (1) Teacher Effectiveness and (2) Leadership Actions. Discrete competencies within each domain target specific areas upon which effective principals must focus.

Figure 3: Domains and Competencies

Domain 1: Teacher Effectiveness

1.1 Human Capital Manger
1.2 Instructional Leadership
1.3 Leading Indicators of Student Learning

Domain 2: Instruction

2.1 Personal Behavior
2.2 Building Relationships
2.3 Culture of Achievement

It is undeniable that a principal is required to wear many hats, from instructional leader and disciplinarian to budget planner and building manager. As the job becomes more demanding and complex, the question of how to fairly and effectively evaluate principals takes on greater importance.

In reviewing leadership frameworks as part of the development of the Principal Effectiveness Rubric, the goal was not to create a principal evaluation tool that would try to be all things to all people. Rather, the rubric focuses unapologetically on evaluating the principal's role as driver of student growth and achievement through their leadership skills and ability to manage teacher effectiveness in their buildings. Moreover, this focus reflects a strong belief that if a principal is evaluated highly on this particular instrument, he/she will likely be effective in areas not explicitly touched upon in the rubric such as school safety or school operations.

The Indiana Principal Effectiveness Rubric

In Appendix C of this handbook, you will find the Principal Effectiveness Rubric. Supporting observation and conference documents and forms can be found in Appendix B.

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Collecting Evidence on Principal Practice

In RISE, administrators who supervise principals will serve as the formal evaluators for principals. They will be responsible for approving the Administrative Student Learning Objectives set by principals, conducting observations, providing feedback, monitoring progress, and assigning final ratings (several of these steps are described in subsequent sections). This expectation stems from our belief that these administrators – usually superintendents and assistant superintendents – need to focus their role (as many already do) on developing leaders in their corporations. So, throughout this section, we refer to evaluators with these individuals in mind.

A Note about "Primary" and "Secondary" Evaluators: For those familiar with the use of "primary" and "secondary" evaluators in the RISE Teacher Evaluation System, there are some important differences to note in the RISE Principal Evaluation System. Principal supervisors, either superintendents or assistant superintendents, may ask other trained evaluators who have a record of effective school leadership to assist in the evaluation process by collecting *additional* evidence and providing feedback to principals. However, principal supervisors are responsible for collecting evidence themselves through the two required observations, and for reviewing all information collected throughout the year and determining a summative rating.

In order to accurately and comprehensively assess principal practice on the RISE Principal Effectiveness Rubric, evaluators should collect four types of evidence:

1. Direct observation – This involves observing the principal undertaking a wide range of possible actions (e.g., leading professional development sessions, debriefing with a teacher about a classroom observation, leading a data team meeting or a meeting to discuss next steps to support a struggling student, visiting classrooms, meeting with students individually or addressing groups of students, meeting with parents, etc.).

2. Indirect observation – This involves observing systems that clearly result from the principal's work but may operate without the principal present (e.g., grade level or department planning meetings, peer coaching sessions, visiting classrooms, etc.).

3. Artifacts – This involves reviewing written records of a principal's work (e.g., the school improvement plan, the master schedule, coaching records, teacher evaluation reports, etc.). Artifacts are often collected by the principal him/herself as part of the evaluation process.

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4. Data – This involves reviewing concrete results of a principal's work, including both leading indicators and direct evidence of student performance (e.g., interim assessment results, attendance and discipline data, stakeholder survey results).

Principal supervisors must directly observe principals at least two times over the course of the year, for at least 30 minutes per visit. Observations may be announced or unannounced and evaluators may choose to use their visits as an opportunity to collect other evidence, including indirectly observing key systems that the principal has established. After each required observation, the evaluator must, within five school days, provide written and oral feedback to the principal on what was observed, and how evidence maps to the rubric.

Evaluators should treat these observation requirements as a bare minimum and strive to observe principal practice – directly and indirectly – significantly more. In fact, while the minimum requirement is two observations in year one of RISE implementation, in future years RISE will likely require a higher number of observations. While other aspects of evaluation (e.g., collection of artifacts of practice) are important, the professional relationship forged through observation and substantive feedback is a critical feature of a strong evaluation system. While this represents a significant shift from current practice for many superintendents and principals, it is a shift that will have powerful effects on the quality of leadership and, by extension, on the instruction that students receive.

Figure 4: Principal Observation Requirements

Observation Type	Length (min.)	Frequency	Pre Conference	Post Conference	Written Feedback	Announced?
Required	30 min.	2/yr	Optional	Yes	Within 5 days	Optional
Optional	Varies	3/yr (suggested)	No	Optional (encouraged)	Optional (encouraged)	No

It is essential that during observations the evaluator take evidence-based notes, writing specific instances of what the principal and others said and did. The evidence that evaluators record during the observation should be non-judgmental, reflecting a clear and concise account of what occurred in the observation. The difference between evidence and judgment is highlighted in the examples in Figure 5 below for both direct and indirect observation.

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Figure 5: Evidence vs. Judgment

Evidence	Judgment
DIRECT OBSERVATION	
P: (During staff meeting): P discusses SLOs with teachers "… all teachers need to develop SLOs by themselves and keep them in their file till the end of the school year."	Principal doesn't promote collaboration and misunderstands the processes around SLOs.
INDIRECT OBSERVATION	
E: (At grade-level team meeting): T's have no written or stated objective for the meeting. T's express confusion about what they should be doing. T:"Let's discuss student behavior during recess"…	Principal has not effectively communicated expectations for how time is used in grade-level planning meetings

After the observation, the evaluator should take these notes and match them to the appropriate indicators on the rubric in order to provide the principal with rubric-aligned feedback during the post-conference. Although evaluators are not required to provide principals interim ratings on specific competencies after observations, the process of mapping specific evidence to indicators provides principals a good idea of their performance on competencies prior to the end-of-year conference. When mapping, evaluators should consider the evidence at the indicator level, focusing first on the "Effective" column in the rubric then moving up or down the performance levels as directed by the evidence. Figure 6 provides examples of documented evidence mapped to the appropriate indicators.

A word on collecting artifacts and reviewing data: Evaluators should collect enough evidence to help them make accurate professional judgments on the rubric, but should think carefully about the quality, alignment, and purpose of all evidence collected. Collecting large quantities of low-quality, poorly aligned evidence will only burden the principal and the evaluator.

Written artifacts should serve two purposes. First they can supplement observation, providing more evidence that is relevant to an observation. For example, using the direct observation evidence described in Figure 6, artifacts for the first example may include a schedule of RTI meetings or written documentation of the interventions and instructional strategies that were discussed. In the second example, the student performance data reviewed by the principal and teacher in addition to subsequent student performance data related to this concept would provide supporting evidence for the evaluator's rating of the principal for this indicator. As with direct and indirect observations, it is important to ensure that the artifacts and data that are collected align with the competencies and indicators against which the principal's performance is being evaluated. The second purpose of artifacts is to provide evidence on sections of the rubric that might be more difficult to observe directly.

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The same purposes apply to reviewing school data as evidence. For example, parent and teacher survey results often provide valuable evidence of a principal's practice across a range of competencies and sub-competencies in the rubric (some notable ones being 1.1.4: Leadership and Talent Development; 1.3.4: Instructional Time; 2.1.1: Professionalism; and 2.2.2: Communication).

Figure 6: Mapping Evidence to Indicators

Evidence	Indicator
E: Conduct RTI meetings weekly with grade level Ts and intervention teachers during their 45 minute planning time. P: "This is definitely multiple comprehension strategies; not that they wouldn't continue to practice all of those, but for the purpose of your targeted area it would simplify it to have a single focus. "	Orchestrating frequent and timely team collaboration for data analysis. (E – 2.3.3) Developing and supporting others in formulating action plans for immediate implementation that are based on data analysis. (E – 2.3.3)
E: Principal meets with T to review student performance data from an assessment over content delivered during the Ps last classroom observation. P: "The data show that your Ss understand how to identify the main idea of a paragraph. What do the data show regarding your Ss abilities to determine the meanings of complex words using contextual cues? T: Only my top Ss understood that concept. P: What adjustments can you make when you teach this concept to help all your Ss understand? Do you include all Ss in your check for understanding before moving on in the lesson?"	Frequently analyzing student performance data with teachers to drive instruction and evaluate instructional quality (E – 1.2.2) Providing prompt and actionable feedback to teachers aimed at improving student outcomes based on observations and student performance data. (E – 1.2.2)

Over the course of a school year, the collection of evidence should be significant. This has important implications for how information is maintained and how evaluators think about distilling information for purposes of feedback and ratings. On these fronts, here are some recommendations for evaluators:

- Consider establishing a regular (e.g., monthly) schedule for observation and feedback with principals, while also leaving room for unannounced visits.
- Hold a mid-year conference to assess progress and review actions steps, providing principals with an idea of where they stand and what they need to do to improve or accelerate progress.

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- Maintain a file (ideally electronic) for each principal and establish a process for others involved in a principal's evaluation to contribute information as appropriate; in doing so, it is important to be targeted in the collection of information, so as to avoid burdening principals and pulling them from critical leadership work.

Adjusting the Intensity of Evidence Collection

New principals and struggling principals will benefit from early and frequent feedback on their performance. It is expected that evaluators will collect more evidence on the practice of novice and struggling principals than is required for RISE or is typical for more veteran and more effective principals. Evaluators should adjust timing of observations and conferences to ensure all principals receive the support they need.

Novice and struggling principals are encouraged to complete a professional development plan (see the form in Appendix B) with the support of their evaluator. The plan is a tool for principals to assess their own performance and set development goals. Principals utilizing a professional development plan work with their evaluators to set goals at the beginning of the academic year. These goals are monitored and revised as necessary. Progress towards goals are formally discussed during a mid-year conference, at which point the evaluator and principal discuss the principal's performance thus far and adjust individual goals as necessary. Professional development goals should be directly tied to areas of improvement within the Principal Effectiveness Rubric. Although every principal is encouraged to set goals around his/her performance, only principals who score an "Ineffective" or "Improvement Necessary" on their summative evaluation the previous year are required to have a professional development plan monitored by an evaluator. This may also serve as the remediation plan specified in Public Law 90. When used as the remediation plan, the timeline for the plan can be no longer than 90 days, and the plans are required to use license renewal credits for professional development activities.

Principal Effectiveness Rubric: Scoring

At the end of the year, evaluators must determine a final principal effectiveness rubric rating and discuss this rating with principals during the end-of-year conference.

Assessing a principal's professional practice requires evaluators to constantly use their professional judgment. No observation rubric, however detailed, can capture all of the nuances in how principals lead, and synthesizing multiple sources of information into a final rating on a particular professional competency is inherently more complex than checklists or numerical averages. Accordingly, the Principal Effectiveness Rubric provides a comprehensive framework for observing a principal's practice that helps evaluators synthesize what they see in the school, while simultaneously encouraging evaluators to consider all information collected holistically.

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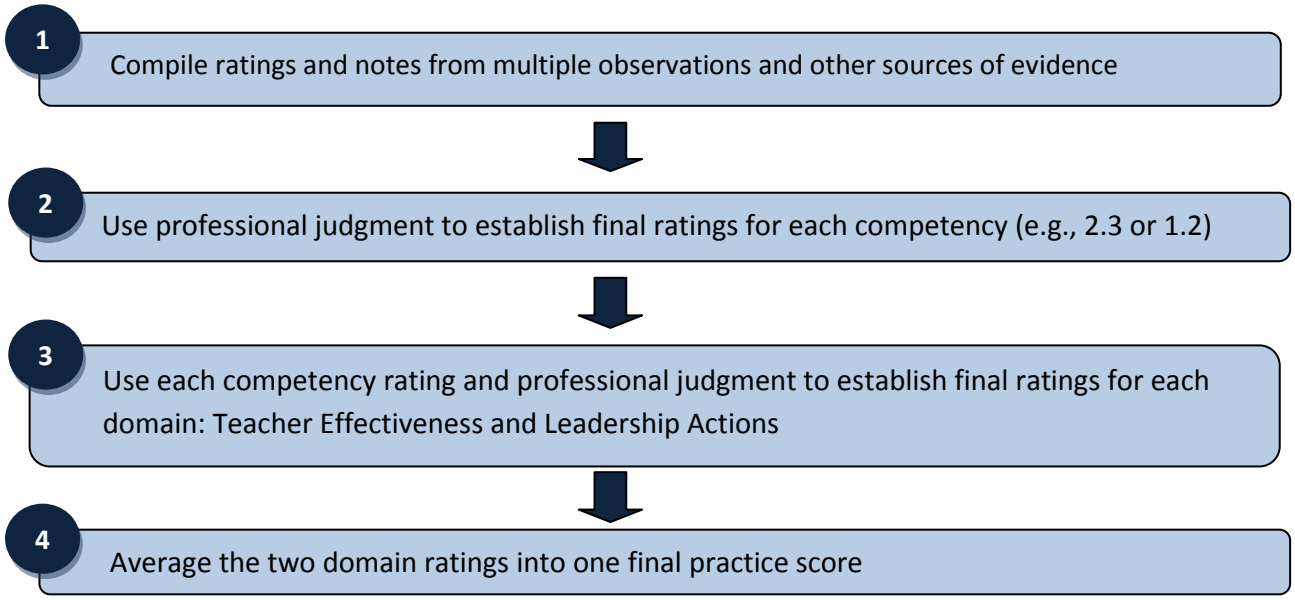
Evaluators must use professional judgment when assigning a principal a rating for each competency as well as when combining all competency ratings into a single, overall domain score. Using professional judgment, evaluators should consider the ways and extent to which a principal's practice grew over the year, the principal's response to feedback, how the principal adapted his or her practice to the current situation, and the many other appropriate factors that cannot be directly accounted for in the Principal Effectiveness Rubric before settling on a final rating. In short, evaluators' professional judgment bridges the best practices codified in the Principal Effectiveness Rubric and the specific context of a principal's school and students.

The final principal effectiveness rating will be calculated by the evaluator in a four step process:



Each step is described in detail below.

1 Compile ratings and notes from multiple observations and other sources of evidence

At the end of the school year, evaluators should have collected a body of evidence representing professional practice from throughout the year. They will need to devote time to reviewing all of these materials.

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2 Use professional judgment to establish final ratings for each competency (e.g., 2.3 or 1.2)

After collecting adequate evidence at the sub-competency level, the evaluator must assess where the principal falls within each competency and use professional judgment to assign ratings. At this point, the evaluator should have ratings for 6 competencies, as shown in this example:

Domain	Teacher Effectiveness			Leadership Actions		
Competency	Human Capital Manager	Instructional Leadership	Leading Indicators of Student Achievement	Personal Behavior	Building Relationships	Culture of Achievement
Competency Ratings	2 (IN)	3 (E)	3 (E)	3 (E)	2 (IN)	1 (IE)

3 Use each competency rating and professional judgment to establish final ratings for each domain: Teacher Effectiveness and Leadership Actions

It is not recommended that the evaluator average competency scores to obtain the final domain score, but rather use good judgment to decide which competencies matter the most for leaders in different contexts and how leaders have evolved over the course of the year.

Domain	Teacher Effectiveness			Leadership Actions		
Competency	Human Capital Manager	Instructional Leadership	Leading Indicators of Student Achievement	Personal Behavior	Building Relationships	Culture of Achievement
Competency Ratings	2 (IN)	3 (E)	3 (E)	3 (E)	2 (IN)	1 (IE)
Domain Ratings	3 (E)			2 (IN)		

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4 **Average the two domain ratings into one final practice score.**

At this point, two final domain ratings are summed and divided by two (since they are of equal weight) to form one score.

(3 + 2) / 2 = 2.5

2.5 is the final rubric/professional practice score

This final rubric/professional practice score is placed in the table below to convey a professional practice rating. In this case the rating of 2.5 translates to Improvement Necessary.

RISE Principal Effectiveness Rubric	Category	Points
	Highly Effective (HE)	4
	Effective (E)	3 or 3.5
	Improvement Necessary (I)	2 or 2.5
	Ineffective (IN)	1 or 1.5

The final, raw professional practice score feeds in to a larger calculation for an overall summative rating including school wide measures of student learning. This calculation is described below on pages 26-28.

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Component 2: Student Learning

Student Learning: Overview

Many parents' main question over the course of a school year is: "How much is my child learning?" Student learning is the ultimate measure of the success of a teacher, instructional leader, school, or district. To meaningfully assess the performance of an educator or a school, one must examine the growth and achievement of their students, using multiple measures.

Achievement is defined as meeting a uniform and pre-determined level of mastery on subject or grade level standards

- *Achievement* is a set point or "bar" that is the same for all students, regardless of where they begin

Growth is defined as improving skills required to achieve mastery on a subject or grade level standard over a period of time

- *Growth* differentiates mastery expectations based upon baseline performance.

Available Measures of Student Learning

There are multiple ways of assessing both growth and achievement. When looking at available data sources to measure student learning for purposes of evaluating principals, we must use measurements that:

- Are **accurate** in assessing student learning and school impact on student learning
- Provide **valuable and timely data** to drive instruction in classrooms and to drive instructional decision-making by principals and other school leaders
- Are **fair** to principals, given the school's grade span and subjects taught
- Are as **consistent** as possible across buildings
- Allow **flexibility** for districts, schools, and teachers to make key decisions surrounding the best assessments for their students

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Based on these criteria, RISE includes two student learning categories in the evaluation of principals: (1) A-F Accountability Grade and (2) Administrative Student Learning Objectives. Each is described below.

A-F Accountability Grade

As building leaders, principals are responsible for increasing student performance in all subject areas and, where relevant, maintaining high performance levels. Indeed, research consistently points to principals as second only to teachers among in-school influences on student achievement. In measuring student growth and achievement for principal evaluation, RISE fully aligns with the state's accountability system for schools. This has the very significant benefit of focusing principals' attention on the same student learning issues when considering school improvement as when considering their own evaluation. Specifically, principals will have a component of their evaluation score tied to school-wide student learning by aligning with Indiana's A-F accountability model. The A-F accountability model is based on several metrics of school performance, including the percent of students passing the math and ELA ISTEP+, IMAST, and ISTAR for elementary and middle schools, and Algebra I and English 10 ECA scores as well as graduation rates and college and career readiness for high schools. Additionally, school accountability grades may be raised or lowered based on participation rates and student growth (for elementary and middle schools) and improvement in scores (for high schools).The school A-F grades are calculated at the state-level and returned to the schools. For detailed information about the A-F accountability model, visit the IDOE website (http://www.doe.in.gov).

As shown in the table below, principals in schools earning an A will earn a 4 on this measure; principals in a B school will earn a 3; principals in a C school receive a 2; and principals who work in either a D or F school earn a 1 on this measure.

A F Grade	Category	Points
A	Highly Effective (HE)	4
B	Effective (E)	3
C	Improvement Necessary (I)	2
D or F	Ineffective (IN)	1

Administrative Student Learning Objectives

A key role of school leaders is to distill student performance data into a small set of ambitious but attainable student learning goals for their schools. Effective leaders work with their corporations and leadership teams to set these goals and they develop a rigorous school-wide assessment system (including but not limited to state tests) to measure their progress toward these goals.

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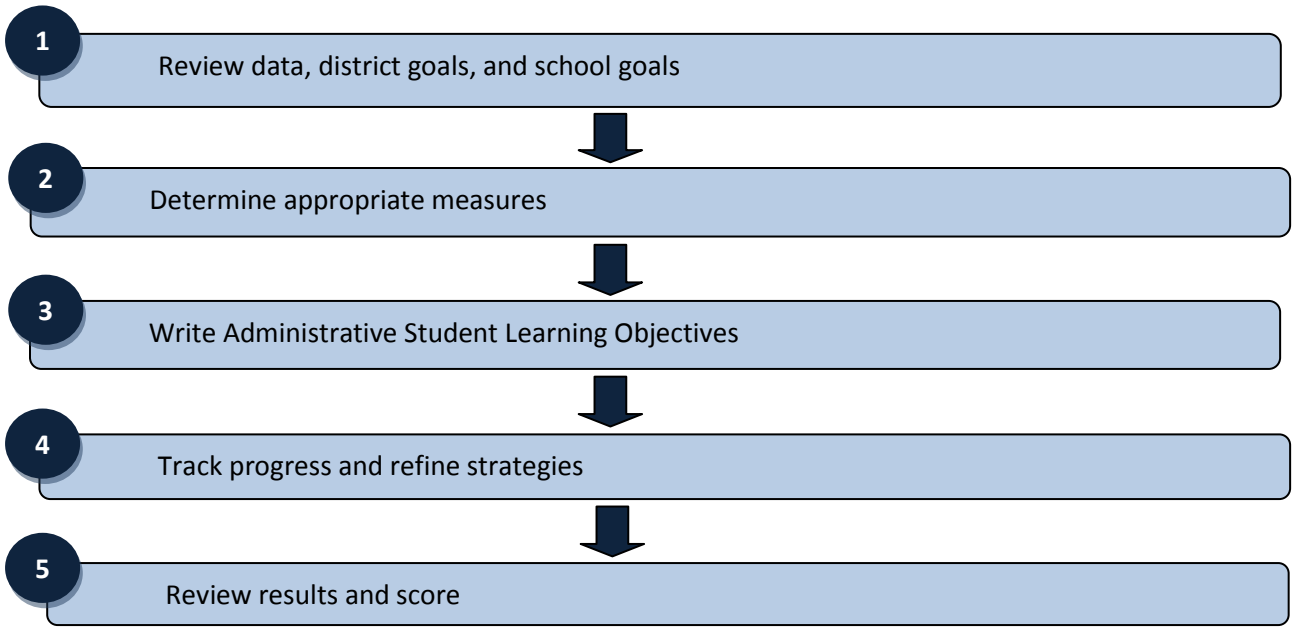
RISE asks principals to take this goal-setting process one step further and set Administrative Student Learning Objectives (SLOs) for themselves. Given a principal's role, these Administrative SLOs can be highly similar – even identical in some cases – to the goals set for the school. While the A-F Accountability Grade represents an index of performance across multiple areas, Administrative SLOs allow for principals to be assessed against their priority areas of growth in student learning.

In RISE, principals set **two** Administrative Student Learning Objectives at the beginning of the year and are measured by their progress against these objectives.

The process for setting Administrative Student Learning Objectives should follow five general steps:



Each of these steps is described below.

1 Review data, district goals, and school goals

Once summative student achievement data are available for review, corporations should establish learning priorities for the next school year. It is then the principal's responsibility to review those priorities and their school-wide data (i.e., A-F grade, ISTEP/ECA data, subgroup performance, and other relevant data) and work with his/her school community to write a school improvement plan. The goals in the improvement plan should be a starting point for setting Administrative SLOs. Indeed, it is perfectly acceptable for a principal to use his/her school goals as the Administrative SLO's for evaluation purposes.

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2 Determine appropriate measures

Some possible student learning data sources around which a principal may set goals include: LAS Links, IMAST, Acuity, mCLASS, ECAs, common local assessments in social studies or science, other non-state-mandated assessments (NWEA, etc.), AP data, the ACT suite of assessments, The College Board (SAT) suite of assessments, industry certification assessments, and graduation rate. Principals and evaluators are strongly encouraged to carefully assess the rigor of available measures and to use measures well suited for evaluation purposes. One caution is to avoid measures that are explicitly designed for formative student assessment, since adding stakes to such assessments can work at cross purposes to their intended use.

Examples of data sources that are not considered as "student learning" measures include: attendance rates, discipline referral rates, survey results, or anything not based specifically on student academic achievement or growth.

3 Write Administrative Student Learning Objectives

An Administrative SLO is a long-term academic "SMART" goal that principals and evaluators set for groups of students. There is discretion in the content of the objective, so long as it meets these criteria:

- Must be measurable
- Must be collaboratively set by the principal and evaluator
- May be district or school based
- Must be based on student learning measures (student data)
- Can be growth/improvement or achievement
- May be based on the whole school population or subgroup populations

Using and extending the requirements above, principals should be able to answer these groups of questions affirmatively about each of their SLOs:

1. Is the SLO driving toward the same student learning outcomes that are spelled out in the school improvement plan? Do the school's baseline data suggest that the right groups of students are targeted for improvement or achievement?
2. Does the SLO name the specific assessment tool that will be used to measure student learning and is that assessment tool available to my school? Will I be able to track progress during the year?

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3. Do I know what strategies will be implemented in order to get the kind of improvement or achievement that is articulated in the SLO, and, as a result, would I characterize the SLO as ambitious and attainable?

Example Administrative Student Learning Objectives

Elementary & Middle School examples:

- At least 20 out of 35 English Learner students in grades 3-5 will increase one or more proficiency levels on the LAS links assessment.
- The bottom 25% of grade 6-8 students, based on last year's ISTEP+ scores, will increase their ISTEP ELA passing rates by 10%.
- 70% of K-2 students will score a proficient or above on IREADK-2.

High School examples:

- The graduation rate for the high school will increase at least 5%, reaching 80% graduation rate by the end of the school year.
- The number of students scoring a 3, 4, or 5 on any AP test will increase from 105 last year to 120 this year.
- The average score on the SAT tests taken from January through May by 10th-12th grade students will increase to 1175.
- The bottom 25% of 10th grade students will increase their average scores on the English 10 ECA by 10 points.
- The number of 10th-12th grade students gaining college credit in dual credit courses will increase from 20 to 35 by the end of the school year.
- The number of career and technical students gaining career-ready certificates will increase from 15 to 30 by the end of the school year.

Non-examples

- The attendance rate at the high school will increase from 75% to 85%.
- The number of average weekly referrals to the office will drop from 36 to 20.

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Once the principal writes his/her SLO's, the evaluator must review and approve them. In addition to asking the principal the same three groups of questions noted above, the evaluator should come to agreement with the principal about what it means to "meet," "not meet," and "exceed" the SLO. This is important for scoring.

Consider an example.

Administrative SLO	At least 20 out of 35 English Learner students in grades 3 5 will increase one or more proficiency levels on the LAS links assessment.
Exceeds	**30 or more** English Learner students increase by the amount specified
Meets	**Between 20 and 29** English Learner students increase by the amount specified
Does not meet	**Fewer than 20** English Learner students increase by the amount specified

4 Track progress and refine strategies

It is the principal's responsibility to track the data relevant to his/her SLO's and refine his/her leadership strategies accordingly. At the same time, evaluators should take opportunities to review progress on the SLOs during post-observation conferences and/or optional mid-year conferences. Central to this is a regular review of interim and formative data, which should be a part of the ongoing dialogue between a principal and an evaluator.

5 Review results and score

As shown in the table below, principals who exceed both goals earn a 4 on this measure; principals who meet both goals earn a 3; principals who meet one goal but not the other receive a 2; and principals who meet neither goal earn a 1 on this measure.

Expectation	Category	Points
Exceeds both goals	Highly Effective (HE)	4
Meets both goals, may exceed one	Effective (E)	3
Meets only one goal	Improvement Necessary (I)	2
Meets neither goal	Ineffective (IN)	1

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Summative Principal Evaluation Scoring

Review of Components

Each principal's summative evaluation score will be based on the following components and measures:

1. Professional Practice: Principals receive a summary rating on their practice as judged against the Principal Effectiveness Rubric. The final, raw rubric score is used in the summative scoring process.

2. Student Learning: Principals receive two student learning ratings

    a. One based on their A-F Accountability Grade, which will be determined at the state-level and returned to schools.
    b. One based on their Administrative Student Learning Objectives (SLOs), which will be scored at the local level by the evaluator.

The table below shows the points associated with each performance level on each of these measures.

Principal Effectiveness Rubric	Category	Points
	Highly Effective (HE)	4
	Effective (E)	3 or 3.5
	Improvement Necessary (I)	2 or 2.5
	Ineffective (IN)	1 or 1.5
A F Grade	**Category**	**Points**
A	Highly Effective (HE)	4
B	Effective (E)	3
C	Improvement Necessary (I)	2
D or F	Ineffective (IN)	1
Administrative SLOs	**Category**	**Points**
Exceeds both goals	Highly Effective (HE)	4
Meets both goals, may exceed one	Effective (E)	3
Meets only one goal	Improvement Necessary (I)	2
Meets neither goal	Ineffective (IN)	1

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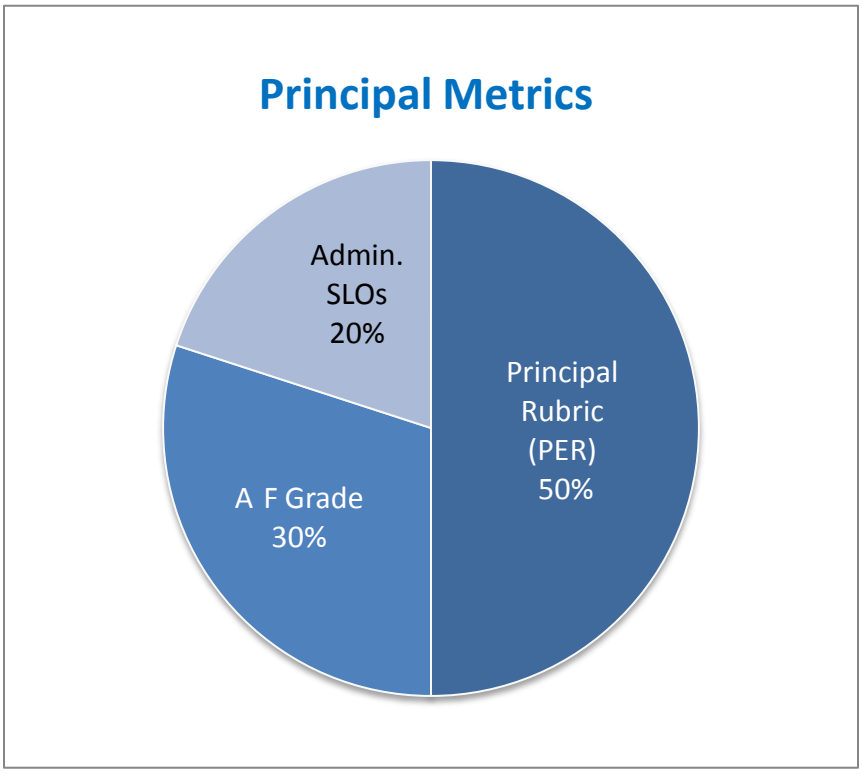
Weighting of Measures

For principals, Professional Practice (50%) and Student Learning (50%) are equally weighted, a recognition that effective practice and strong student learning results are both essential features of successful leadership.



Within the student learning portion, the A-F Accountability Grade (30%) is weighted more heavily than the Administrator Student Learning Objective Portion, a recognition of a principal's central responsibility in driving higher levels of student achievement school-wide.

To arrive at at a comprehensive effectiveness rating, the individual scores on the Principal Effectiveness Rubric, A-F Accountability Grade, and Administrative Student Learning Objectives and multiplied by their respective weights and summed.

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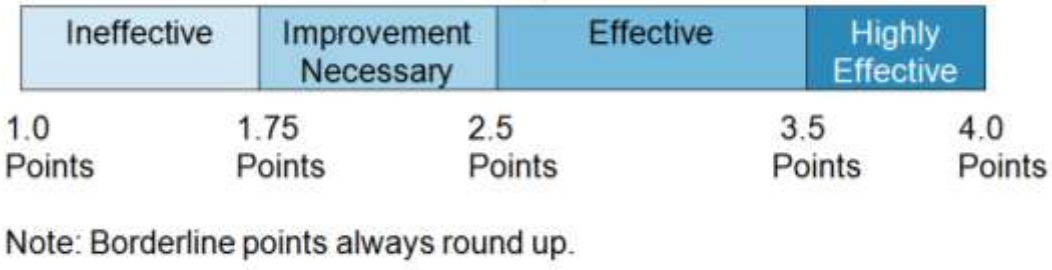
Below is an example of the weights applied for a principal who

- receives ratings of "Effective" on one domain of the rubric and "Improvement Necessary" on the other → Rubric rating = 2.5
- has a "B" grade on the state accountability system → A-F rating = 3
- Meets one Administrative SLO but not the other → Administrative SLO rating = 2

Example Summative Scoring Chart

	Raw Score	x	Weight	Score
Rubric Rating	**2.5**		0.50	**1.25**
A-F Accountability Grade (DOE)	**3**		0.30	**0.90**
Admin. SLO Rating	**2**		0.20	**0.40**
			Comprehensive Effectiveness Rating	**2.55**

This final weighted score is then translated into a rating on the following scale.



Note: Borderline points always round up.

The score of 2.55 (from the example above) maps to a summative rating of "Effective." Evaluators should meet with principals in a summative conference to discuss all the information collected in addition to the final rating. A summative evaluation form to help guide this conversation is provided in Appendix B. The summative conference may occur at the end of the school year in the spring, or when principals return in the fall, depending on the availability of data for the individual principal.

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Frequently Asked Questions

Who can evaluate principals? A principal must be evaluated by his/her supervisor, who is usually a superintendent or assistant superintendent. Serving in this role means conducting the minimum number of observations, holding at least the required conferences, approving the Administrative SLOs, and assigning a summative rating. It also means being responsible for the professional growth of principals. Indeed, a major shift with RISE is an expectation that all principal supervisors prioritize their role as developers of leadership talent, as many already do.

What about "secondary" evaluators and/or peer evaluators? A principal supervisor can enlist others in the collection of evidence and can offer judgments on that evidence. But, these additional individuals should not perform any of the required functions in place of the evaluator. Superintendents may also want to create opportunities for principals to support the growth and development of their peers through informal or structured observations. In order to maintain trust within the professional community, superintendents should set clear expectations about how information gathered in this way will be used as part of a principal's evaluation.

RISE specifies a minimum of two observations (this year) but encourages more. How much is enough? Around the country, districts that have adopted a strong ethic around instructional leadership make the observation of principal practice a regular and ongoing occurrence. Principal supervisors should aspire to be in each school they supervise on a monthly basis, and more frequently if case-loads permit.

If I am collecting evidence at the sub-competency level, how do I roll up all of my evidence and judgments into ratings at the competency level? There is no formula for arriving at competency ratings. Evaluators should use their professional judgment and should consider where the preponderance of evidence lies. It is also useful to consider whether there are sub-competencies that have been the focus of a principal's practice; those may have particular weight in determining a competency rating.

Is an Administrative SLO the same as a Teacher SLO? They are similar in that both involve identifying relevant measures of student learning and setting targets for improvement or achievement based on available baseline data. However, there are important differences. While teachers are responsible for a subset of a school's students and often share responsibility with other teachers, principals are responsible for all students. In addition, while teacher SLO's are often particular to a teacher's subject matter, data relevant for principals are available across several subject areas. As a result, there is less complexity needed in the design of the process for writing Administrative SLOs than there is for teachers. For example, principals will not need to group students by levels of preparedness in order to write their Administrative SLOs.

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Glossary of RISE Terms

Achievement: Defined as meeting a uniform and pre-determined level of mastery on subject or grade level standards. Achievement is a set point or "bar" that is the same for all students, regardless of where they begin.

Administrative Student Learning Objective: A long-term academic goal, developed collaboratively between principals and evaluators, set to measure student growth and/or achievement.

Beginning-of-Year Conference: A conference in the fall during which a principal and evaluator discuss the principal's prior year performance and Professional Development Plan (if applicable). In some cases, this conference may double as the "Summative Conference" as well.

Competency: There are six competencies, or skills of an effective principal, in the Indiana Principal Effectiveness Rubric. These competencies are split between the two domains. Each competency has a list of observable indicators for evaluators to look for during an observation.

Domain: There are two domains, or broad areas of focus, included in the Indiana Principal Effectiveness Rubric: Teacher Effectiveness and Leadership Actions. Under each domain, competencies describe the essential skills of effective leadership practice.

End-of-Year Conference: A conference in the spring during which the principal and evaluator discuss the principal's performance on the Principal Effectiveness Rubric. In some cases, this conference may double as the "Summative Conference" as well.

Evaluator: The person responsible for evaluating a principal. Along with other evaluator-related responsibilities, the evaluator approves Professional Development Plans (when applicable) in the fall and assigns the summative rating in the spring. Principals' supervisors serve as evaluators.

Growth: Improving skills required to achieve mastery on a subject or grade-level standard over a period of time. Growth differentiates mastery expectations based on baseline performance.

Indiana Principal Effectiveness Rubric: The Indiana Principal Effectiveness Rubric includes six competencies in two domains: Teacher Effectiveness and Leadership Actions.

Indiana Evaluation Cabinet: A group of school administrators and educators from across the state who helped inform the design the RISE model, including the Indiana Principal Effectiveness Rubric.

Indicator: These are observable pieces of information for evaluators to look for during an observation. Indicators are listed for each performance area in each sub-competency in the Indiana Principal Effectiveness Rubric.

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ISTEP+: A statewide assessment measuring proficiency in Math and English Language Arts in grades 3-8, Social Studies in grades 5 and 7, and Science in grades 4 and 6. The Indiana Growth model uses ISTEP scores in Math and ELA to report student growth for these two subjects in grades 4-8.

Mid-Year Conference: An optional, but strongly recommended, conference in the middle of the year in which the evaluator and principal meet to discuss performance thus far.

Observation: A visit to a school to observe principal practice. Evaluators must undertake at least 2 direct observations, of a minimum of 30 minutes each, in a given school year. Required observations can be announced or unannounced, and are accompanied by mandatory post-conferences including written feedback within five school days of the observation. Evaluators should also undertake indirect observations to assess the systems that principals have put in place.

Post-Conference: A mandatory conference that takes place after a required observation during which the evaluator provides rubric-aligned feedback to the principal.

Professional Development Goals: These goals, identified through self-assessment and review of prior evaluation data, are the focus of the principal's Professional Development Plan over the course of the year. Each goal will be specific and measurable, with clear benchmarks for success.

Professional Development Plan: The individualized plan for professional development based on prior performance. Each plan consists of Professional Development Goals and clear action steps for how each goal will be met. The only principals in RISE who must have a Professional Development Plan are those who received a rating of Improvement Necessary or Ineffective the previous year.

Professional Judgment: An evaluator's ability to look at evidence and make an informed decision on a principal's performance without a set calculation in place. Evaluators will be trained on using professional judgment to make decisions.

Professional Practice: Professional Practice is the first of two major components of the summative evaluation score (the other is Student Learning). This component consists of information gathered through observations using the Indiana Principal Effectiveness Rubric and conferences during which evaluators and principals may review additional materials.

Student Learning: Student Learning is the second major component of the summative evaluation score (the first is Professional Practice). Student Learning is measured by a school's A-F Grade and accomplishment of Administrative Student Learning Objectives.

Sub-competency: There are 23 sub-competencies distributed across the six competencies in the RISE Principal Effectiveness Rubric. Each sub-competency is a discrete concept that is part of the overarching competency, but can be measured across the four levels of performance in the rubric.

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Summative Conference: A conference where the evaluator and principal discuss performance from throughout the year leading to a summative rating. This may occur in the spring if all data is available for scoring (coinciding with the End-of-Year Conference), or in the fall if pertinent data is not available until the summer (coinciding with the Beginning-of-Year Conference).

Summative Rating: The final summative rating is a combination of a principal's Professional Practice rating and the measures of Student Learning. The final score is mapped on to a point scale. The points correspond to the four summative ratings: Highly Effective, Effective, Improvement Necessary, and Ineffective.

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Appendix A – Allowable Modifications to RISE

Corporations that follow the RISE guidelines and use both this resource and the Principal Effectiveness Rubric (PER) exactly as written are considered to be using the *RISE Indiana Principal Evaluation System*. This RISE principal system should be considered separate from the *RISE Indiana Teacher Evaluation System.*

If a corporation chooses to make minor edits to the RISE principal system from the minimum requirements stated below, the system must then be titled "(Corporation name) RISE for Principals," and should be labeled as such on all materials. These minimum requirements for the RISE principal system are as follows:

Professional Practice Component

- Use of the Principal Effectiveness Rubric (PER) with all domains and competencies
- Scoring weights for both Professional Practice domains (50% each domain)

Measures of Student Learning

- Two measures of student learning as outlined in the RISE principal system (A-F Accountability and Administrative Student Learning Objectives)
- All minimum requirements around Administrative Student Learning Objectives, including:
    1. Have two goals
    2. Must be measurable
    3. Must be collaboratively set by administrator and evaluator
    4. May be district or school based
    5. Must be based on student learning measures (student data)
    6. Can be growth or achievement
    7. May be based on the whole school population or subgroup populations

Summative Scoring

- Weights assigned to components of the summative model

If a corporation chooses to deviate from any of the minimum requirements of the most recent version of the RISE principal evaluation system (found at www.riseindiana.org), the corporation may no longer use the name "RISE." Corporations can give any alternative title to their system, and may choose to note that the system has been "adapted from Indiana RISE."

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Appendix B – Optional Observation and Conferencing Forms

All forms in this appendix are optional and are not required to be used when implementing RISE. Although evaluators should use a form that best fits their style, some types of forms are better than others. For example, the best observation forms allow space for observers to write down clear evidence of principal practice. One such form is included below, but there are many other models/types of forms that may be used. Using checklists for observation purposes is not recommended, however, as this does not allow the evaluator to clearly differentiate between four levels of performance with supporting evidence.

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Optional Observation Mapping Form

Note: It is not expected that every competency be observed during every observation. This form may be used for formal or informal observations per evaluator preference.

SCHOOL: _____ OBSERVER: _____

PRINCIPAL: _____ OBSERVATION SETTING: _____

DATE OF OBSERVATION: _____ START TIME: _____ END TIME: _____

1.1 HUMAN CAPITAL MANAGER	
Evidence	**Indicator**
1.2 INSTRUCTIONAL LEADERSHIP	
Evidence	**Indicator**
1.3 LEADING INDICATORS OF STUDENT ACHIEVEMENT	
Evidence	**Indicator**

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2.1 PERSONAL BEHAVIOR	
Evidence	**Indicator**
2.2 BUILDING RELATIONSHIPS	
Evidence	**Indicator**
2.3. CULTURE OF ACHIEVEMENT	
Evidence	**Indicator**

OVERALL STRENGTHS:	OVERALL AREAS OF IMPROVEMENT:

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Optional Post-Observation Form - Evaluators

Instructions: The primary post-observation document should simply be a copy of the observation notes taken during the observation. This form is designed to summarize and supplement the notes.

SCHOOL: _____ OBSERVER: _____

PRINCIPAL: _____ OBSERVATION SETTING: _____

DATE OF OBSERVATION: _____ START TIME: _____ END TIME: _____

Domain 1: Areas of Strength Observed (identify specific competencies):

Domain 1: Areas for Improvement Observed (identify specific competencies):

Domain 2: Areas of Strength Observed (identify specific competencies):

Domain 2: Areas for Improvement Observed (identify specific competencies):

Action Steps for Improvement:

This section should be written by the principal and evaluator during the post-conference.

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Optional Mid-Year Conference Form

SCHOOL: _____ EVALUATOR: _____

PRINCIPAL: _____ DATE: _____

Note: Mid-year check-in conferences are optional for any principal without a professional development plan, but can be helpful for evaluators to assess what information still needs to be collected, and for principals to understand how they are performing thus far. It should be understood that the mid-year rating is only an assessment of the first part of the year and does not necessarily correspond to the end-of-year rating. If there has not yet been enough information to give a mid-year rating, circle N/A.

Number of Observations Prior to Mid-Year Check-in: _____

Domain 1: Teacher Effectiveness	**Mid-Year Assessment of Domain 1**
1.1 Human Capital Manger 1.2 Instructional Leadership 1.3 Leading Indicators of Student Learning	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**
Domain 2: Leadership Actions	**Mid-Year Assessment of Domain 2**
2.1 Personal Behavior 2.2 Building Relationships 2.3 Culture of Achievement	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**

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Optional Summative Rating Form

SCHOOL: _____ EVALUATOR: _____

PRINCIPAL: _____ DATE: _____

Principal Effectiveness Rubric Scoring

Domain 1: Teacher Effectiveness	**Competency Rating**	**Final Assessment of Domain 1 (Comments)**
1.1 Human Capital Manager 1.2 Instructional Leadership 1.3 Leading Indicators of Student Learning	1.1: _____ 1.2: _____ 1.3: _____	
Final Domain Rating (Circle One)		**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff.**
Domain 2: Leadership Actions	**Competency Rating**	**Final Assessment of Domain 2 (Comments)**
2.1 Personal Behavior 2.2 Building Relationships 2.3 Culture of Achievement	2.1: _____ 2.2: _____ 2.3: _____	
Final Domain Rating (Circle One)		**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff.**

Domain 1 Rating	+	Domain 2 Rating	/2 =	Final Rating
	+		/2 =	

Student Learning Scoring

A-F Accountability Grade	
Grade (A, B, C, D, or F)	Points (A=4, B=3, C=2, D or F=1)
Administrative SLO	
SLO 1 Rating (Circle One)	Exceeded Met Did Not Meet
SLO 2 Rating (Circle One)	Exceeded Met Did Not Meet
Points	
Key for Points: Exceed both=4; Meets both=3; Meets only one=2; Meets neither=1	

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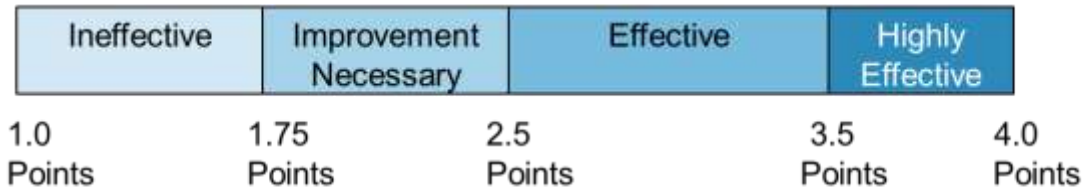
Final Rating

	Raw Score	x	Weight	Score
Rubric Rating			0.50	
A-F Accountability Grade (DOE)			0.30	
Admin. SLO Rating			0.20	
			Comprehensive Effectiveness Rating	

Final Summative Evaluation Score: _____

Use the chart below and the Final Summative Evaluation Score to determine the principal's final rating.



Note: Borderline points always round up.

Final Summative Rating:

☐ **Ineffective** ☐ **Improvement Necessary**

☐ **Effective** ☐ **Highly Effective**

Principal Signature

I have met with my evaluator to discuss the information on this form and have received a copy.

Signature: _____ Date: _____

Evaluator Signature

I have met with this Principal to discuss the information on this form and provided a copy.

Signature: _____ Date: _____

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Optional Professional Development Plan

Using relevant student learning data, evaluation feedback and previous professional development, establish areas of professional growth below. Although there are not a required number of goals in a professional development plan, you should set as many goals as appropriate to meet your needs. In order to focus your efforts toward meeting all of your goals, it will be best to have no more than three goals at any given time. Each of your goals is important but you should rank your goals in order of priority. On the following pages, complete the growth plan form for each goal.

Goal	**Achieved?**
1.	
2.	
3.	

Name:			
School:			
Date Developed:		**Date Revised:**	
Evaluator Approval	*X*		

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<table>
<tr><td colspan="6">Professional Growth Goal #1</td></tr>
<tr><td rowspan="5">Overall Goal:
Using your most recent evaluation, identify a professional growth goal below. Identify alignment to rubric (domain and competency).</td><td>Action Steps:
Include specific and measurable steps you will take to improve.</td><td colspan="4">Benchmarks and Data:
Set benchmarks to check your progress throughout the improvement timeline (no more than 90 school days for remediation plans). Also, include data you will use to ensure your progress is adequate at each benchmark.</td><td>Evidence of Achievement:
How do you know that your goal has been met?</td></tr>
<tr><td rowspan="2">Action Step 1</td><td>__/__/__</td><td>__/__/__</td><td>__/__/__</td><td>__/__/__</td><td rowspan="2"></td></tr>
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<tr><td rowspan="2">Action Step 2</td><td>__/__/__</td><td>__/__/__</td><td>__/__/__</td><td>__/__/__</td><td rowspan="2"></td></tr>
<tr><td>Data:</td><td>Data:</td><td>Data:</td><td>Data:</td></tr>
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<table>
<tr><td colspan="6">Professional Growth Goal #2</td></tr>
<tr><td rowspan="5">Overall Goal:
Using your most recent evaluation, identify a professional growth goal below. Identify alignment to rubric (domain and competency).</td><td>Action Steps:
Include specific and measurable steps you will take to improve.</td><td colspan="4">Benchmarks and Data:
Set benchmarks to check your progress throughout the improvement timeline (no more than 90 school days for remediation plans). Also, include data you will use to ensure your progress is adequate at each benchmark.</td><td>Evidence of Achievement:
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<tr><td>Data:</td><td>Data:</td><td>Data:</td><td>Data:</td></tr>
<tr><td rowspan="2">Action Step 2</td><td>__/__/__</td><td>__/__/__</td><td>__/__/__</td><td>__/__/__</td><td rowspan="2"></td></tr>
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Professional Growth Goal #3						
Overall Goal: *Using your most recent evaluation, identify a professional growth goal below. Identify alignment to rubric (domain and competency).*	Action Steps: *Include specific and measurable steps you will take to improve.*	Benchmarks and Data: *Set benchmarks to check your progress throughout the improvement timeline (no more than 90 school days for remediation plans). Also, include data you will use to ensure your progress is adequate at each benchmark.*				Evidence of Achievement: *How do you know that your goal has been met?*
	Action Step 1	__/__/__	__/__/__	__/__/__	__/__/__	
		Data:	Data:	Data:	Data:	
	Action Step 2	__/__/__	__/__/__	__/__/__	__/__/__	
		Data:	Data:	Data:	Data:	

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Appendix C – Indiana Principal Effectiveness Rubric

On the following page, you will find the Indiana Principal Effectiveness Rubric.

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RISE
Evaluation and Development System

Indiana Department of Education

Indiana Principal Effectiveness Rubric

Domain 1: Teacher Effectiveness

Great principals know that teacher quality is the most important in-school factor relating to student achievement. Principals drive effectiveness through (1) their role as a human capital manager and (2) by providing instructional leadership. Ultimately, principals are evaluated by their ability to drive teacher development and improvement based on a system that credibly differentiates the performance of teachers based on rigorous, fair definitions of teacher effectiveness.

Competency		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
1.1 Human Capital Manager					
1.1.1	**Hiring and retention**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Monitoring the effectiveness of the systems and approaches in place used to recruit and hire teachers; – Demonstrating the ability to increase the entirety or significant majority of teachers' effectiveness as evidenced by gains in student achievement and teacher evaluation results; – Articulating, recruiting, and leveraging the personal characteristics associated with the school's stated vision (i.e. diligent individuals to fit a rigorous school culture).	**Principal recruits, hires, and supports teachers by:** – Consistently using teachers' displayed levels of effectiveness as the primary factor in recruiting, hiring, and assigning decisions; – Demonstrating ability to increase most teachers' effectiveness as evidenced by gains in student achievement and growth; – Aligning personnel decisions with the vision and mission of the school. –	**Principal recruits, hires, and supports effective teachers by:** – Occasionally using teachers' displayed levels of effectiveness as the primary factor in recruiting, hiring, and assigning decisions OR using displayed levels of effectiveness as a secondary factor; – Demonstrating ability to increase some teachers' effectiveness; – Occasionally applying the school's vision/mission to HR decisions.	**Principal <u>does not</u> recruit, hire, or support effective teachers who share the school's vision/mission by:** – Rarely or never using teacher effectiveness as a factor in recruiting, hiring, or assigning decisions[1]; – Rarely or never demonstrating the ability to increase teachers' effectiveness by moving teachers along effectiveness ratings; – Rarely or never applying the school's vision/mission to HR decisions.
1.1.2	**Evaluation of teachers**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Monitoring the use of time and/or evaluation procedures to consistently improve the evaluation process.	**Principal prioritizes and applies teacher evaluations by:** – Creating the time and/or resources necessary to ensure the accurate evaluation of every teacher in the building; – Using teacher evaluations to credibly differentiate the performance of teachers as evidenced by an alignment between teacher evaluation results and building-level performance; – Following processes and procedures outlined in the corporation evaluation plan for all staff members	**Principal prioritizes and applies teacher evaluations by:** – Creating insufficient time and/or resources necessary to ensure the accurate evaluation of every teacher in the building; – Using teacher evaluations to partially differentiate the performance of teacher; – Following most processes and procedures outlined in the corporation evaluation plan for all staff members.	**Principal <u>does not</u> prioritize and apply teacher evaluations by:** – Failing to create the time and/or resources necessary to ensure the accurate evaluation of every teacher in the building; – Rarely or never using teacher evaluation to differentiate the performance of teachers ; – Failing to follow all processes and processes outlined in the corporation evaluation plan for staff members.

[1] For new teachers, the use of student teaching recommendations and data results is entirely appropriate.

Competency		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
1.1.3	**Professional development**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Frequently creating learning opportunities in which highly effective teachers support their peers; – Monitoring the impact of implemented learning opportunities on student achievement; – Efficiently and creatively orchestrating professional learning opportunities in order to maximize time and resources dedicated to learning opportunities.	**Principal orchestrates professional learning opportunities by:** – Providing learning opportunities to teachers aligned to professional needs based on student academic performance data and teacher evaluation results; – Providing learning opportunities in a variety of formats, such as instructional coaching, workshops, team meetings, etc. – Providing differentiated learning opportunities to teachers based on evaluation results.	**Principal orchestrates aligned professional learning opportunities tuned to staff needs by:** – Providing generalized learning opportunities aligned to the professional needs of some teachers based on student academic performance data; – Providing learning opportunities with little variety of format; – Providing differentiated learning opportunities to teachers in some measure based on evaluation results.	**Principal <u>does not</u> orchestrate aligned professional learning opportunities tuned to staff needs by:** – Providing generic or low-quality learning opportunities unrelated to or uninformed by student academic performance data; – Providing no variety in format of learning opportunities; – Failing to provide professional learning opportunities based on evaluation results.
1.1.4	**Leadership and talent development**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Encouraging and supporting teacher leadership and progression on career ladders; – Systematically providing opportunities for emerging leaders to distinguish themselves and giving them the authority to complete the task; – Recognizing and celebrating emerging leaders.	**Principal develops leadership and talent by:** – Designing and implementing succession plans (e.g. career ladders) leading to every position in the school; – Providing formal and informal opportunities to mentor emerging leaders; – Promoting support and encouragement of leadership and growth as evidenced by the creation of and assignment to leadership positions or learning opportunities.	**Principal develops leadership and talent by:** – Designing and implementing succession plans (e.g. career ladders) leading to some positions in the school; – Providing formal and informal opportunities to mentor some, but not all, emerging leaders; – Providing moderate support and encouragement of leadership and growth as evidenced by assignment to existing leadership positions without expanding possible positions to accommodate emerging and developing leaders.	**Principal <u>does not</u> develop leadership and talent by:** – Rarely or never designing and implementing succession plans (e.g. career ladders leading to positions in the school; – Rarely or never provides mentorship to emerging leaders; – Providing no support and encouragement of leadership and growth; – Frequently assigns responsibilities without allocating necessary authority.
1.1.5	**Delegation**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Encouraging and supporting staff members to seek out responsibilities; – Monitoring and supporting staff in a fashion that develops their ability to manage tasks and responsibilities.	**Principal delegates tasks and responsibilities appropriately by:** – Seeking out and selecting staff members for increased responsibility based on their qualifications, performance, and/or effectiveness; – Monitoring the progress towards success of those to whom delegations have been made; – Providing support to staff members as needed.	**Principal delegates tasks and responsibilities appropriately by:** – Occasionally seeking out and selecting staff members for increased responsibility based on their qualifications, performance and/or effectiveness; – Monitoring completion of delegated tasks and/or responsibilities, but not necessarily progress towards completion; – Providing support, but not always as needed.	**Principal <u>does not</u> delegate tasks and responsibilities appropriately by:** – Rarely or never seeking out and selecting staff members for increased responsibility based on their qualifications, performance, and/or effectiveness; – Rarely or never monitoring completion of or progress toward delegated task and/or responsibility; – Rarely or never providing support.

Competency		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
1.1.6	**Strategic assignment**[2]	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Leveraging teacher effectiveness to further generate student success by assigning teachers and staff to professional learning communities or other teams that compliment individual strengths and minimize weaknesses.	**Principal uses staff placement to support instruction by:** – Strategically assigning teachers and staff to employment positions based on qualifications, performance, and demonstrated effectiveness (when possible) in a way that supports school goals and maximizes achievement for all students; – Strategically assigning support staff to teachers and classes as necessary to support student achievement.	**Principal uses staff placement to support instruction by:** – Systematically assigning teachers and staff to employment positions based on several factors without always holding student academic needs as the first priority in assignment when possible.	**Principal <u>does not</u> use staff placement to support instruction by:** – Assigning teachers and staff based to employment positions purely on qualifications, such as license or education, or other determiner not directly related to student learning or academic needs.
1.1.7	**Addressing teachers who are in need of improvement or ineffective**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Staying in frequent communication with teachers on remediation plans to ensure necessary support; – Tracking remediation plans in order to inform future decisions about effectiveness of certain supports.	**Principal addresses teachers in need of improvement or ineffective by:** – Developing remediation plans with teachers rated as ineffective or in need of improvement; – Monitoring the success of remediation plans; – Following statutory and contractual language in counseling out or recommending for dismissal ineffective teachers.	**Principal addresses teachers in need of improvement or ineffective by:** – Occasionally monitoring the success of remediation plans; – Occasionally following statutory and contractual language in counseling out or recommending for dismissal ineffective teachers.	**Principal <u>does not</u> address teachers in need of improvement or ineffective by:** – Occasionally, rarely or never developing remediation plans with teachers rated as ineffective or in need of improvement; – Rarely or never monitoring the success of remediation plans; – Rarely or never following statutory and contractual language in counseling out or recommending for dismissal ineffective teachers.

[2] This indicator obviously assumes there is ability of leader to make these decisions.

Competency		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
1.2 Instructional Leadership					
1.2.1	**Mission and vision**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Defining long, medium, and short-term application of the vision and/or mission; – Monitoring and measuring progress toward the school's vision and/or mission; – Frequently revisiting and discussing the vision and/or mission to ensure appropriateness and rigor; – Cultivating complete commitment to and ownership of the school's vision and/or mission fully within the school and that spreads to other stakeholder groups.	**Principal supports a school-wide instructional vision and/or mission by:** – Creating a vision and/or mission based on a specific measurable, ambitious, rigorous, and timely; instructional goal(s); – Defining specific instructional and behavioral actions linked to the school's vision and/or mission; – Ensuring all key decisions are aligned to the vision and/or mission; – Cultivating commitment to and ownership of the school's vision and/or mission within the majority of the teachers and students, as evidenced by the vision/mission being communicated consistently and in a variety of ways, such as in classrooms and expressed in conversations with teachers and students.	**Principal supports a school-wide instructional vision and/or mission by:** – Creating a vision and/or mission based on a specific measurable, ambitious, rigorous, and timely; instructional goal(s); – Making significant key decisions without alignment to the vision and/or mission; – Cultivating a level of commitment to and ownership of the school's vision and/or mission that encapsulates some, but not all, teachers and students.	**Principal <u>does not</u> support a school-wide instructional vision and/or mission by:** – Failing to adopt a school-wide instructional vision and/or mission; – Defining a school-wide instructional vision and/or mission that is not applied to decisions; – Implementing a school-wide instructional vision without cultivating commitment to or ownership of the vision and/or mission, as evidenced by a lack of student and teacher awareness.
1.2.2	**Classroom observations**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Creating systems and schedules ensuring all teachers are frequently observed, and these observations are understood by the principal, teachers, and students to be an absolute priority; – Monitoring the impact of feedback provided to teachers.	**Principal uses classroom observations to support student academic achievement by:** – Visiting all teachers frequently (announced and unannounced) to observe instruction; – Frequently analyzing student performance data with teachers to drive instruction and evaluate instructional quality; – Providing prompt and actionable feedback to teachers aimed at improving student outcomes based on observations and student performance data.	**Principal uses classroom observations to support student academic achievement by:** – Occasionally visiting teachers to observe instruction; – Occasionally analyzing student performance data to drive instruction evaluate instructional quality; – Providing inconsistent or ineffective feedback to teachers and/or that is not aimed at improving student outcomes.	**Principal uses classroom observations to support student academic achievement by:** – Rarely or never visiting teachers to observe instruction; – Rarely or never analyzing student performance data OR lacking ability to derive meaning from analysis of data; – Rarely or never providing feedback to teachers or consistently providing feedback to teachers that is completely unrelated to student outcomes.
1.2.3	**Teacher collaboration**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Monitoring collaborative efforts to ensure a constant focus on student learning; – Tracking best collaborative practices to solve specific challenges; – Holding collaborating teams accountable for their results.	**Principal supports teacher collaboration by:** – Establishing a culture of collaboration with student learning and achievement at the center as evidenced by systems such as common planning periods; – Encouraging teamwork, reflection, conversation, sharing, openness, and collective problem solving; – Aligning teacher collaborative efforts to the school's vision/mission.	**Principal supports teacher collaboration by:** – Establishing a culture of collaboration without a clear or explicit focus on student learning and achievement; – Supporting and encouraging teamwork and collaboration in a limited number of ways; – Occasionally aligning teacher collaborative efforts to instructional practices.	**Principal <u>does not</u> support teacher collaboration by:** – Failing to establish or support a culture of collaboration through not establishing systems such as common planning periods; – Discouraging teamwork, openness, and collective problem solving by failing to provide staff with information pertaining to problems and/or ignoring feedback; – Rarely or never aligning teacher collaborative efforts to instructional practices.

Competency		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
1.3 Leading Indicators of Student Learning					
1.3.1	**Planning and Developing Student Learning Objectives**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Utilizing SLOs as the basis of school-wide goals, and/or the vision and mission; – Communicating with community members, parents, and other stakeholders the purpose and progress towards SLOs; – Ensuring students are aware of and can communicate the academic expectations inherent in teacher SLOs; – Empowering teachers, staff, and students to participate in the monitoring of progress towards SLOs; – Revisiting the use and design of teacher and school-wide tracking tools.	**Principal supports the planning and development of Student Learning Objectives (SLOs) by:** – Organizing and leading opportunities for collaboration within departments and across grades in developing SLOs; – Collaborating with teachers to identify standards or skills to be assessed; – Collaborating with teachers to develop/select assessments to evaluate overall student progress; utilizing assessments that accurately and reliably measure student learning; – Helping teachers to assess baseline student data to drive the development of SLOs that appropriately take students' starting points into account; – Systematically working with teachers to monitor and revisit SLOs throughout year as necessary. – Utilizing a tracking tool to monitor school-wide progress on SLOs; – Ensuring teachers utilize a tracking tool to show student progress towards SLOs.	**Principal supports the creation of Student Learning Objectives (SLOs) by:** – Organizing, but only occasionally leading or participating in opportunities for collaboration, or developing the systems and processes necessary for collaboration to occur; – Occasionally collaborating with teachers to identify standards or skills to be assessed; – Focusing on teachers with existing common assessments, but failing to help those who need the most help in developing assessments; – Working with teachers only occasionally throughout the year to measure progress towards goals; – Occasionally ensuring most teachers utilize a tracking tool to show student progress OR tracking tools utilized do not measure progress towards SLOs.	**Principal <u>does not</u> support the creation of Student Learning Objectives by:** – Failing to organize/provide opportunities for teacher collaboration; – Failing to meet with teachers to look at baseline data, select assessments, and set SLOs; – Not meeting with teachers throughout the year to look at progress towards goals.
1.3.2	**Rigorous Student Learning Objectives**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Utilizing rigorous SLOs to define and lead a school's culture and sense of urgency; – Establishing an on-going culture of looking at data and progress towards SLOs involving all staff members in the school regularly meeting to talk about data and instructional practice.	**Principal creates rigor in SLOs by:** – Ensuring teachers' SLOs define desired outcomes; – Ensuring assessments used correspond to the appropriate state content standards; – Ensuring outcomes are benchmarked to high expectations, such as international standards and/or typical to high growth; – Ensuring an analysis of previous year's student data is included in the development of SLOs; – Ensuring SLOs are focused on demonstrable gains in students' mastery of academic standards as measured by achievement and/or growth.	**Principal creates rigor in SLOs by:** – Allowing teachers to set lower expectations for the growth of some students than others, and this is reflected in SLOs; – Assessing baseline data that may not be effectively used to assess students' starting points; – Selecting and allowing for assessments that may not be appropriately aligned to state content standards.	**Principal creates rigor in SLOs by:** – Allowing for outcomes to be benchmarked to less than typical growth; – Failing to assess baseline knowledge of students; – Failing to select assessments that are appropriately aligned to content standards.
1.3.3	**Instructional time**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Systematically monitors the use of instructional time to create innovative opportunities for increased and/or enhanced instructional time.	**Principal supports instructional time by:** – Removing all sources of distractions of instructional time; – Promoting the sanctity of instructional time; – Ensuring every minute of instructional time is maximized in the service of student learning and achievement, and free from distractions.	**Principal supports instructional time by:** – Removing major sources of distractions of instructional time; – Attempting to promote sanctity of instructional time but is hindered by issues such as school discipline, lack of high expectations, etc; – Occasionally allowing unnecessary non-instructional events and activities to interrupt instructional time.	**Principal <u>does not</u> support instructional time by:** – Failing to establish a culture in which instructional time is the priority, as evidenced by discipline issues, attendance, interruptions to the school day, etc; – Rarely or never promoting the sanctity of instructional time; – Frequently allowing and/or encouraging unnecessary non-instructional events and activities to interrupt instructional time.

Domain 2: Leadership Actions

Great principals are deliberate in making decisions to raise student outcomes and drive teacher effectiveness. Certain leadership actions are critical to achieving transformative results: (1) modeling the *personal behavior* that sets the tone for all student and adult relationships in the school; (2) *building relationships* to ensure all key stakeholders work effectively with one another; and (3) developing a school wide *culture of achievement* aligned to the school's vision of success for every student.

Competency		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
2.1 Personal Behavior					
2.1.1	**Professionalism**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally**: – Articulates and communicates appropriate behavior to all stakeholders, including parents and the community; – Creates mechanisms, systems, and/or incentives to motivate students and colleagues to display professional, ethical, and respectful behavior at all times	**Principal displays professionalism by**: – Modeling professional, ethical, and respectful behavior at all times; – Expecting students and colleagues to display professional, ethical, and respectful behavior at all times.	**Principal supports professionalism by:** – Failing to model professionalism at all times but understanding of professional expectations as evidenced by not acting counter to these expectations; – Occasionally holding students and colleagues to professional, ethical, and respectful behavior expectations.	**Principal <u>does not</u> support professionalism by:** – Failing to model professionalism at all times, and occasionally modeling behaviors counter to professional expectations; – Rarely or never holding students and colleagues to professional, ethical, and respectful behavior expectations.
2.1.2	**Time management**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Monitoring progress toward established yearly, monthly, weekly, and daily priorities and objectives; – Monitoring use of time to identify areas that are not effectively utilized;	**Principal manages time effectively by:** – Establishing yearly, monthly, weekly, and daily priorities and objectives; – Identifying and consistently prioritizing activities with the highest-leverage on student achievement.	**Principal manages time effectively by:** – Establishing short-term and long-term objectives that are not clearly aligned and connected by intermediate objectives; – Occasionally prioritizes activities unrelated to student achievement.	**Principal manages time effectively by:** – Rarely or never establishing timely objectives or priorities; – Regularly prioritizing activities unrelated to student achievement;
2.1.3	**Using feedback to improve student performance**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Developing and implementing systems and mechanisms that generate feedback and advice from students, teachers, parents, community members, and other stakeholders to improve student performance; – Identifying the most efficient means through which feedback can be generated. – Establishing "feedback loops" in which those who provide feedback are kept informed of actions taken based on that feedback.	**Principal uses feedback to improve student performance by:** – Actively soliciting feedback and help from all key stakeholders; – Acting upon feedback to shape strategic priorities to be aligned to student achievement.	**Principal uses feedback to improve student performance by:** – Accepts feedback from any stakeholder when it is offered but does not actively seek out such input; – Occasionally acting upon feedback to shape strategic priorities aligned to student achievement.	**Principal <u>does not</u> use feedback to improve student performance by:** – Regularly avoiding or devaluing feedback; – Rarely or never applying feedback to shape priorities.

2.1.4	**Initiative and persistence**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Exceeding typical expectations to accomplish ambitious goals; – Regularly identifying, communicating, and addressing the school's most significant obstacles to student achievement; – Engaging with key stakeholders at the district and state level, and within the local community to create solutions to the school's most significant obstacles to student achievement.	**Principal displays initiative and persistence by:** – Consistently achieving expected goals; – Taking on voluntary responsibilities that contribute to school success; – Taking risks to support students in achieving results by identifying and frequently attempting to remove the school's most significant obstacles to student achievement; – Seeking out potential partnerships with groups and organizations with the intent of increasing student achievement.	**Principal displays initiative and persistence by:** – Achieving most, but not all expected goals; – Occasionally taking on additional, voluntary responsibilities that contribute to school success; – Occasionally taking risks to support students in achieving results by attempting to remove the school's most significant obstacles to student achievement; – Infrequently seeking out potential partnerships with groups and organizations with the intent of increasing student achievement.	**Principal <u>does not</u> display initiative and persistence by:** – Rarely or never achieving expected goals; – Rarely or never taking on additional, voluntary responsibilities that contribute to school success; – Rarely or never taking risks to support students in achieving results; – Never seeking out potential partnerships.

Competency		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
2.2 Building Relationships					
2.2.1	**Culture of urgency**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Ensuring the culture of urgency is sustainable by celebrating progress while maintaining a focus on continued improvement;	**Principal creates an organizational culture of urgency by:** – Aligning the efforts of students, parents, teachers, and other stakeholders to a shared understanding of academic and behavioral expectations; – Leading a relentless pursuit of these expectations.	**Principal creates an organizational culture of urgency by:** – Aligning major efforts of students and teachers to the shared understanding of academic and behavioral expectations, while failing to include other stakeholders; – Occasionally leading a pursuit of these expectations.	**Principal <u>does not</u> create an organizational culture of urgency by:** – Failing to align efforts of students and teachers to a shared understanding of academic and behavior expectations; – Failing to identify the efforts of students and teachers, thus unable to align these efforts.
2.2.2	**Communication**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – To the extent possible, messaging key concepts in real time; – Tracking the impact of interactions with stakeholders, revising approach and expanding scope of communications when appropriate; – Monitoring the success of different approaches to communicating to identify the most appropriate channel of communicating in specific situations.	**Principal skillfully and clearly communicates by:** – Messaging key concepts, such as the school's goals, needs, plans, success, and failures; – Interacting with a variety of stakeholders, including students, families, community groups, central office, teacher associations, etc; – Utilizing a variety of means and approaches of communicating, such as face-to-face conversations, newsletters, websites, etc.	**Principal skillfully and clearly communicates by:** – Messaging most, but not all, key concepts; – Interacting with a variety of stakeholders but not yet reaching all invested groups and organizations; – Utilizing a limited number of means and approaches to communication.	**Principal <u>does not</u> skillfully and clearly communicate by:** – Rarely or never messaging key concepts; – Interacting with a limited number of stakeholders and failing to reach several key groups and organizations; – Not utilizing a variety of means or approaches to communication OR ineffectively utilizing several means of communication.
2.2.3	**Forging consensus for change and improvement**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Guides others through change and addresses resistance to that change; – Monitors the success of strategies and revises based on strengths and weaknesses; – Creates cultural changes that reflect and support building a consensus for change.	**Principal creates a consensus for change and improvement by:** – Using effective strategies to work toward a consensus for change and improvement; – Systematically managing and monitoring change processes; – Securing cooperation from key stakeholders in planning and implementing change and driving improvement.	**Principal creates a consensus for change and improvement by:** – Identifying areas where agreement is necessary and has not yet begun to implement strategies to achieve that agreement; – Managing change and improvement processes without building systems and allies necessary to support the process; – Asking for feedback but not yet successful in securing cooperation in delivering input from all stakeholders.	**Principal <u>does not</u> create a consensus for change and improvement by:** – Failing to identify areas in which agreement and/or consensus is necessary; – Rarely or never managing or developing a process for change and/or improvement; – Rarely or never seeking out feedback or securing cooperation – making unilateral, arbitrary decisions.

Competency		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
2.3 Culture of Achievement					
2.3.1	**High expectations**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Incorporating community members and other partner groups into the establishment and support of high academic and behavior expectations; – Benchmarking expectations to the performance of the state's highest performing schools; – Creating systems and approaches to monitor the level of academic and behavior expectations; – Encouraging a culture in which students are able to clearly articulate their diverse personal academic goals.	**Principal creates and supports high academic and behavior expectations by:** – Empowering teachers and staff to set high and demanding academic and behavior expectations for every student; – Empowering students to set high and demanding expectations for themselves; – Ensuring that students are consistently learning, respectful, and on task; – Setting clear expectations for student academics and behavior and establishing consistent practices across classrooms; – Ensuring the use of practices with proven effectiveness in creating success for all students, including those with diverse characteristics and needs.	**Principal creates and supports high academic and behavioral expectations by:** – Setting clear expectations for student academics and behavior but occasionally failing to hold students to these expectations; – Setting expectations but failing to empower students and/or teachers to set high expectations for student academic and behavior.	**Principal <u>does not</u> create or support high academic and behavior expectations by:** – Accepting poor academic performance and/or student behavior; – Failing to set high expectations or sets unrealistic or unattainable goals.
2.3.2	**Academic rigor**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Creating systems to monitor the progress towards rigorous academic goals, ensuring wins are celebrated when goals are met and new goals reflect achievements.	**Principal establishes academic rigor by:** – Creating ambitious academic goals and priorities that are accepted as fixed and immovable.	**Principal establishes academic rigor by:** – Creating academic goals that are nearing the rigor required to meet the school's academic goals; – Creating academic goals but occasionally deviates from these goals in the face of adversity.	**Principal <u>has not</u> established academic rigor by:** – Failing to create academic goals or priorities OR has created academic goals and priorities that are not ambitious; – Consistently sets and abandons ambitious academic goals.
2.3.3	**Data usage in teams**	**At Level 4, a principal fulfills the criteria for Level 3 and additionally:** – Data used as basis of decision making is transparent and communicated to all stakeholders; – Monitoring the use of data in formulating action plans to identify areas where additional data is needed.	**Principal utilizes data by:** – Orchestrating frequent and timely team collaboration for data analysis; – Developing and supporting others in formulating action plans for immediate implementation that are based on data analysis.	**Principal utilizes data by:** – Occasionally supporting and/or orchestrating team collaboration for data analysis; – Occasionally developing and supporting others in formulating action plans for implementation that are based on data analysis.	**Principal <u>does not</u> utilize data by:** – Rarely or never organizing efforts to analyze data; – Rarely or never applying data analysis to develop action plans.

Indiana Department of Education
SUPPORTING STUDENT SUCCESS

RISE
Evaluation and Development System

Evaluator and Teacher Handbook
Version 2.0

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Indiana Teacher Evaluation: Public Law 90

The 2011 Education Agenda put students first by focusing on the individuals who most strongly influence student learning every day — teachers. Indiana's teachers are hard-working and devoted to the success of every student. It's time we treat them like the professionals they are and take special care to identify and reward greatness in the classroom.

To do this, we need fair, credible and accurate annual evaluations to differentiate teacher and principal performance and to support their professional growth. With the help of teachers and leaders throughout the state, the Indiana Department of Education has developed an optional model evaluation system named RISE. Whether or not corporations choose to implement RISE, the Department's goal is to assist corporations in developing or adopting models that comply with Public Law 90 and are fair, credible, and accurate. Regardless of model or system, evaluations must:

- **Be Annual:** Every teacher, regardless of experience, deserves meaningful feedback on their performance on an annual basis.

- **Include Student Growth Data:** Evaluations should be student-focused. First and foremost, an effective teacher helps students make academic progress. A thorough evaluation system includes multiple measures of teacher performance, and growth data must be one of the key measures.

- **Include Four Rating Categories:** To retain our best teachers, we need a process that can truly differentiate our best educators and give them the recognition they deserve. If we want all teachers to perform at the highest level, we need to know which individuals are achieving the greatest success and give support to those who are new or struggling.

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Indiana's State Model on Teacher Evaluation

Background/Context

RISE was designed to provide a quality system that local corporations can adopt in its entirety, or use as a model as they develop evaluation systems to best suit their local contexts. RISE was developed over the course of a year by the Indiana Teacher Evaluation Cabinet, a diverse group of educators and administrators from around the state, more than half of whom have won awards for excellence in teaching. These individuals dedicated their time to develop a system that represents excellence in instruction and serves to guide teacher development. To make sure that their efforts represented the best thinking from around the state, their work was circulated widely to solicit feedback from educators throughout Indiana.

A meaningful teacher evaluation system should reflect a set of core convictions about good instruction. From the beginning, the Indiana Teacher Evaluation Cabinet sought to design a model evaluation system focused on good instruction and student outcomes. RISE was designed to be fair, accurate, transparent, and easy-to-use. IDOE staff and the Indiana Teacher Evaluation Cabinet relied on three core beliefs about teacher evaluation during the design of RISE:

- **Nothing we can do for our students matters more than giving them effective teachers**. Research has proven this time and again. We need to do everything we can to give all our teachers the support they need to do their best work, because when they succeed, our students succeed. Without effective evaluation systems, we can't identify and retain excellent teachers, provide useful feedback and support, or intervene when teachers consistently perform poorly.

- **Teachers deserve to be treated like professionals.** Unfortunately, many evaluations treat teachers like interchangeable parts—rating nearly all teachers the same and failing to give teachers the accurate, useful feedback they need to do their best work in the classroom. We need to create an evaluation system that gives teachers regular feedback on their performance, opportunities for professional growth, and recognition when they do exceptional work. We're committed to creating evaluations that are fair, accurate and consistent, based on multiple factors that paint a complete picture of each teacher's success in helping students learn.

- **A new evaluation system will make a positive difference in teachers' everyday lives.** Novice and veteran teachers alike can look forward to detailed, constructive feedback, tailored to the individual needs of their classrooms and students. Teachers and principals will meet regularly to discuss successes and areas for improvement, set professional goals, and create an individualized development plan to meet those goals.

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Timeline for Development

The timeline below reflects the roll-out of the state model for teacher evaluation. Public Law 90 requires statewide implementation of new or modified evaluation systems compliant with the law by school year 2012-2013. To assist corporations in creating evaluation models of their own, the state piloted RISE in school year 2011-2012. All documents for RISE version 1.0 were released by January 2012, and key lessons from the pilot drove model refinement. RISE 2.0 reflects the refined model of the original system.

Corporations may choose to adopt RISE entirely, draw on components from the model, or create their own system for implementation in school year 2012-2013. Though corporations are encouraged to choose or adapt the evaluation system that best meet the needs of their local schools and teachers, in order to maintain consistency, only corporations that adopt the RISE system wholesale or make only minor changes may use the RISE label, and are thus considered by the Indiana Department of Education to be using a version of RISE. For a list of allowable modifications of the RISE system, see Appendix A.

Figure 1: Timeline for RISE design and implementation

* Note: Statewide implementation refers to corporations adopting new evaluations systems in line with Public Law 90 requirements. RISE is an option and resource for corporations, but is not mandatory.

Performance Level Ratings

Each teacher will receive a rating at the end of the school year in one of four performance levels:

- **Highly Effective:** A *highly effective* teacher consistently exceeds expectations. This is a teacher who has demonstrated excellence, as determined by a trained evaluator, in locally selected competencies reasonably believed to be highly correlated with positive student learning outcomes. The highly effective teacher's students, in aggregate, have generally exceeded expectations for academic growth and achievement based on guidelines suggested by the Indiana Department of Education.

- **Effective**: An *effective* teacher consistently meets expectations. This is a teacher who has consistently met expectations, as determined by a trained evaluator, in locally selected competencies reasonably believed to be highly correlated with positive student learning outcomes. The effective teacher's students, in aggregate, have generally achieved an acceptable rate of academic growth and achievement based on guidelines suggested by the Indiana Department of Education.

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- **Improvement Necessary**: A teacher who is rated as *improvement necessary* requires a change in performance before he/she meets expectations. This is a teacher who a trained evaluator has determined to require improvement in locally selected competencies reasonably believed to be highly correlated with positive student learning outcomes. In aggregate, the students of a teacher rated improvement necessary have generally achieved a below acceptable rate of academic growth and achievement based on guidelines suggested by the Indiana Department of Education.

- **Ineffective:** An *ineffective* teacher consistently fails to meet expectations. This is a teacher who has failed to meet expectations, as determined by a trained evaluator, in locally selected competencies reasonably believed to be highly correlated with positive student learning outcomes. The ineffective teacher's students, in aggregate, have generally achieved unacceptable levels of academic growth and achievement based on guidelines suggested by the Indiana Department of Education.

Overview of Components

Every teacher is unique, and the classroom is a complex place. RISE relies on multiple sources of information to paint a fair, accurate, and comprehensive picture of a teacher's performance. All teachers will be evaluated on two major components:

1. **Professional Practice** – Assessment of instructional knowledge and skills that influence student learning, as measured by competencies set forth in the Indiana Teacher Effectiveness Rubric. All teachers will be evaluated in the domains of Planning, Instruction, Leadership, and Core Professionalism.

2. **Student Learning** – Teachers' contribution to student academic progress, assessed through multiple measures of student academic achievement and growth, including Indiana Growth Model data as well as progress towards specific Student Learning Objectives using state-, corporation-, or school-wide assessments.

A System for Teachers

RISE was created with classroom teachers in mind and may not be always be appropriate to use to evaluate school personnel who do not directly teach students, such as instructional coaches, counselors, etc. Though certain components of RISE can be easily applied to individuals in support positions, it is ultimately a corporation's decision whether or not to modify RISE or adapt a different evaluation system for these roles. Corporations that modify RISE or adapt a different system for non-classroom teachers are still considered by the Indiana Department of Education to be using a version of RISE as long as they are using RISE for classroom teachers and this version of RISE meets the minimum requirements specified in Appendix A.

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Component 1: Professional Practice

Indiana Teacher Effectiveness Rubric: Background and Context

The Teacher Effectiveness Rubric was developed for three key purposes:

1. **To shine a spotlight on great teaching:** The rubric is designed to assist principals in their efforts to increase teacher effectiveness, recognize teaching quality, and ensure that all students have access to great teachers.

2. **To provide clear expectations for teachers:** The rubric defines and prioritizes the actions that effective teachers use to make gains in student achievement.

3. **To support a fair and transparent evaluation of effectiveness:** The rubric provides the foundation for accurately assessing teacher effectiveness along four discrete ratings.

While drafting the Teacher Effectiveness Rubric, the development team examined teaching frameworks from numerous sources, including:

- Charlotte Danielson's *Framework for Teachers*
- Iowa's *A Model Framework*
- KIPP Academy's *Teacher Evaluation Rubric*
- Robert Marzano's *Classroom Instruction that Works*
- Massachusetts' *Principles for Effective Teaching*
- Kim Marshall's *Teacher Evaluation Rubrics*
- National Board's *Professional Teaching Standards*
- North Carolina's *Teacher Evaluation Process*
- Doug Reeves' *Unwrapping the Standards*
- Research for Bettering Teaching's *Skillful Teacher*
- Teach For America's *Teaching as Leadership Rubric*
- Texas' *TxBess Framework*
- Washington DC's *IMPACT Performance Assessment*
- Wiggins & McTighe's *Understanding by Design*

In reviewing the current research during the development of the teacher effectiveness rubric, the goal was not to create a teacher evaluation tool that would try to be all things to all people. Rather, the rubric focuses on evaluating teachers' primary responsibility: engaging students in rigorous academic content so that students learn and achieve. As such, the rubric focuses on evaluating the effectiveness of instruction, specifically through observable actions in the classroom.

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Indiana Teacher Effectiveness Rubric: Overview

The primary portion of the Teacher Effectiveness Rubric consists of three domains and nineteen competencies.

Figure 2: Domains 1-3 and Competencies

Domain 1: Planning

1.1 Utilize Assessment Data to Plan
1.2 Set Ambitious and Measurable Achievement Goals
1.3 Develop Standards-Based Unit Plans and Assessments
1.4 Create Objective-Driven Lesson Plans and Assessments
1.5 Track Student Data and Analyze Progress

Domain 2: Instruction

2.1 Develop Student Understanding and Mastery of Lesson Objectives
2.2 Demonstrate and Clearly Communicate Content Knowledge to Students
2.3 Engage Students in Academic Content
2.4 Check for Understanding
2.5 Modify Instruction as Needed
2.6 Develop Higher Level of Understanding Through Rigorous Instruction and Work
2.7 Maximize Instructional Time
2.8 Create Classroom Culture of Respect and Collaboration
2.9 Set High Expectations for Academic Success

Domain 3: Leadership

3.1 Contribute to School Culture
3.2 Collaborate with Peers
3.3 Seek Professional Skills and Knowledge
3.4 Advocate for Student Success
3.5 Engage Families in Student Learning

In addition to these three primary domains, the Teacher Effectiveness Rubric contains a fourth domain, referred to as Core Professionalism, which reflects the non-negotiable aspects of a teacher's job.

The Core Professionalism domain has four criteria:

- Attendance
- On-Time Arrival
- Policies and Procedures
- Respect

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The Indiana Teacher Effectiveness Rubric

In Appendix C of this guidebook, you will find the Teacher Effectiveness Rubric. All supporting observation and conference documents and forms can be found in Appendix B.

Observation of Teacher Practice: Questions and Answers for Teachers

How will my proficiency on the Indiana Teacher Effectiveness Rubric be assessed?

Your proficiency will be assessed by a primary evaluator, taking into account information collected throughout the year during extended observations, short observations, and conferences performed by both your primary evaluator as well as secondary evaluators.

What is the role of the primary evaluator?

Your primary evaluator is responsible for tracking your evaluation results and helping you to set goals for your development. The primary evaluator must perform at least one of your short and at least one of your extended observations during the year. Once all data is gathered, the primary evaluator will look at information collected by all evaluators throughout the year and determine your summative rating. He or she will meet with you to discuss this final rating in a summative conference.

What is a secondary evaluator?

A secondary evaluator may perform extended or short observations as well as work with teachers to set Student Learning Objectives. The data this person collects is passed on to the primary evaluator responsible for assigning a summative rating.

Do all teachers need to have both a primary and secondary evaluator?

No. It is possible, based on the capacity of a school or corporation, that a teacher would only have a primary evaluator. However, it is recommended that, if possible, more than one evaluator contribute to a teacher's evaluation. This provides multiple perspectives on a teacher's performance and is beneficial to both the evaluator and teacher.

What is an extended observation?

An extended observation lasts a minimum of 40 minutes. It may be announced or unannounced. It may take place over one class or span two consecutive class periods.

Are there mandatory conferences that accompany an extended observation?

a. Pre-Conferences: Pre-Conferences are not mandatory, but are scheduled by request of teacher or evaluator. Any mandatory pieces of information that the evaluator would like to see during the observation (lesson plans, gradebook, etc.), must be requested of the teacher prior to the extended observation.

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b. Post-Conferences: Post-Conferences are mandatory and must occur within five school days of the extended observation. During this time, the teacher must be presented with written and oral feedback from the evaluator.

How many extended observations will I have in a year?

All teachers must have a minimum of two extended observations per year – at least one per semester.

Who is qualified to perform extended observations?

Any trained primary or secondary evaluator may perform an extended observation. The primary evaluator assigning the final, summative rating must perform a minimum of one of the extended observations.

What is a short observation?

A short observation lasts a minimum of 10 minutes and should not be announced. There are no conferencing requirements around short observations, but a post-observation conference should be scheduled if there are areas of concern. A teacher must receive written feedback following a short observation within two school days.

How many short observations will I have in a year?

All teachers will have a minimum of three short observations – at least one per semester. However, many evaluators may choose to visit classrooms much more frequently than the minimum requirement specified here.

Who is qualified to perform short observations?

Any primary evaluator or secondary evaluator may perform a short observation. The primary evaluator assigning the final, summative rating must perform a minimum of one of the short observations.

Is there any additional support for struggling teachers?

It is expected that a struggling teacher will receive observations above and beyond the minimum number required by RISE. This may be any combination of extended or short observations and conferences that the primary evaluator deems appropriate. It is recommended that primary evaluators place struggling teachers on a professional development plan.

Will my formal and informal observations be scored?

Both extended and short observations are times for evaluators to collect information. There will be no summative rating assigned until all information is collected and analyzed at the end of the year. However, all evaluators are expected to provide specific and meaningful feedback on performance following all observations. For more information about scoring using the Teacher Effectiveness Rubric, please see the scoring section of this handbook.

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Domain 1: Planning and Domain 3: Leadership are difficult to assess through classroom observations. How will I be assessed in these Domains?

Evaluators should collect material outside of the classroom to assess these domains. Teachers should also be proactive in demonstrating their proficiency in these areas. However, evidence collection in these two domains should not be a burden on teachers that detracts from quality instruction. Examples of evidence for these domains may include (but are not limited to):

a. Domain 1: Planning - lesson and unit plans, planned instructional materials and activities, assessments, and systems for record keeping
b. Domain 3: Leadership - documents from team planning and collaboration, call-logs or notes from parent-teacher meetings, and attendance records from professional development or school-based activities/events

Evaluators and teachers seeking more guidance around evidence collection for Domains 1 and 3 should reference the "Evidence Collection and Scoring of Domains 1 and 3" resource under the Professional Practice resources section on the RISE website.

What is a professional development plan?

An important part of developing professionally is the ability to self-reflect on performance. The professional development plan is a tool for teachers to assess their own performance and set development goals. In this sense, a professional development plan supports teachers who strive to improve performance, and can be particularly helpful for new teachers. Although every teacher is encouraged to set goals around his/her performance, only teachers who score an "Ineffective" or "Improvement Necessary" on their summative evaluation the previous year are required to have a professional development plan monitored by an evaluator. This may also serve as the remediation plan specified in Public Law 90.

If I have a professional development plan, what is the process for setting goals and assessing my progress?

Teachers needing a professional development plan work with an administrator to set goals at the beginning of the academic year. These goals are monitored and revised as necessary. Progress towards goals is formally discussed during the mid-year conference, at which point the evaluator and teacher discuss the teacher's performance thus far and adjust individual goals as necessary. Professional development goals should be directly tied to areas of improvement within the Teacher Effectiveness Rubric. Teachers with professional development plans are required to use license renewal credits for professional development activities.

Is there extra support in this system for new teachers?

Teachers in their first few years are encouraged to complete a professional development plan with the support of their primary evaluator. These teachers will benefit from early and frequent feedback on

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their performance. Evaluators should adjust timing of observations and conferences to ensure these teachers receive the support they need. This helps to support growth and also to set clear expectations on the instructional culture of the building and school leadership.

Teacher Effectiveness Rubric: Scoring

Evaluators are not required to score teachers after any given observation. However, it is essential that during the observation the evaluator take evidence-based notes, writing specific instances of what the teacher and students said and did in the classroom. The evidence that evaluators record during the observation should be non-judgmental, but instead reflect a clear and concise account of what occurred in the classroom. The difference between evidence and judgment is highlighted in the examples below.

Figure 3: Evidence vs. Judgment

Evidence	Judgment
(9:32 am) Teacher asks: Does everyone understand? (3 Students nod yes, no response from others) Teacher says: Great, let's move on (9:41 am) Teacher asks: How do we determine an element? (No student responds after 2 seconds) Teacher says: By protons, right?	The teacher doesn't do a good job of making sure students understand concepts.
Teacher to Student 1: "Tori, will you explain your work on this problem?" (Student explains work.) Teacher to Student 2: "Nick, do you agree or disagree with Tori's method?" (Student agrees) "Why do you agree?"	The teacher asks students a lot of engaging questions and stimulates good classroom discussion.

After the observation, the evaluator should take these notes and match them to the appropriate indicators on the rubric in order to provide the teacher with rubric-aligned feedback during the post-conference. Although evaluators are not required to provide teachers interim ratings on specific competencies after observations, the process of mapping specific evidence to indicators provides teachers a good idea of their performance on competencies prior to the end-of-year conference. Below is an example of a portion of the evidence an evaluator documented, and how he/she mapped it to the appropriate indicators.

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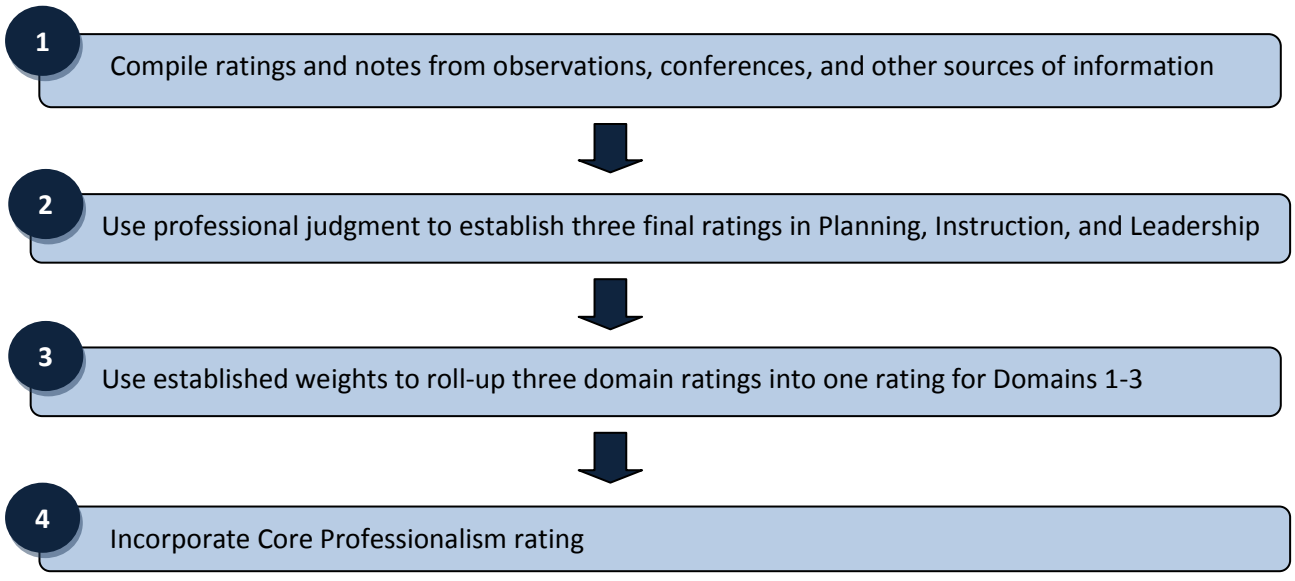
Figure 4: Mapping Evidence to Indicators

Evidence	Indicator
(9:32 am) Teacher asks: Does everyone understand? (3 Students nod yes, no response from others) Teacher says: Great, let's move on (9:41 am) Teacher asks: How do we determine an element? (No student responds after 2 seconds) Teacher says: By protons, right?	Competency 2.4: Check for Understanding Teacher frequently moves on with content before students have a chance to respond to questions or frequently gives students the answer rather than helping them think through the answer. (Ineffective)
Teacher to Student 1: "Tori, will you explain your work on this problem?" (Student explains work.) Teacher to Student 2: "Nick, do you agree or disagree with Tori's method?" (Student agrees.) "Why do you agree?"	Competency 2.6: Develop Higher Level of Understanding through Rigorous Instruction and Work Teacher frequently develops higher-level understanding through effective questioning. (Effective)

At the end of the year, primary evaluators must determine a final, teacher effectiveness rubric rating and discuss this rating with teachers during the end-of-year conference. The final teacher effectiveness rating will be calculated by the evaluator in a four step process:



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Each step is described in detail below.

1 Compile ratings and notes from observations, conferences, and other sources of information.

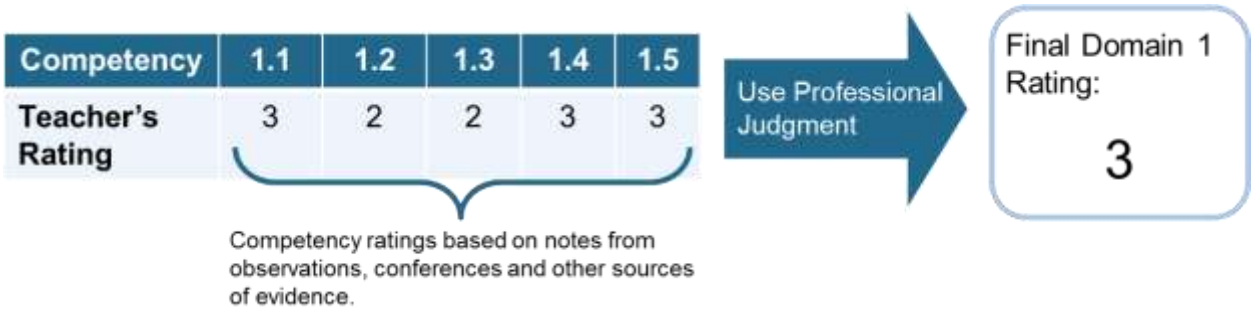
At the end of the school year, primary evaluators should have collected a body of information representing teacher practice from throughout the year. Not all of this information will necessarily come from the same evaluator, but it is the responsibility of the assigned primary evaluator to gather information from every person that observed the teacher during that year. In addition to notes from observations and conferences, evaluators may also have access to materials provided by the teacher, such as lesson plans, student work, parent/teacher conference notes, etc. To aid in the collection of this information, schools should consider having files for teachers containing evaluation information such as observation notes and conference forms, and when possible, maintain this information electronically.

Because of the volume of information that may exist for each teacher, some evaluators may choose to assess information mid-way through the year and then again at the end of the year. A mid-year conference allows evaluators to assess the information they have collected so far and gives teachers an idea of where they stand.

2 Use professional judgment to establish three, final ratings in Planning, Instruction, and Leadership

After collecting information, the primary evaluator must assess where the teacher falls within each competency. Using all notes, the evaluator should assign each teacher a rating in every competency on the rubric. Next, the evaluator uses professional judgment to assign a teacher a rating in each of the first three domains. It is not recommended that the evaluator average competency scores to obtain the final domain score, but rather use good judgment to decide which competencies matter the most for teachers in different contexts and how teachers have evolved over the course of the year. The final, three domain ratings should reflect the body of information available to the evaluator. In the end-of-year conference, the evaluator should discuss the ratings with the teacher, using the information collected to support the final decision. The figure below provides an example of this process for Domain 1.

Figure 5: Example of competency ratings for domain 1 and the final domain rating.



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At this point, each evaluator should have ratings in the first three domains that range from 1 (Ineffective) to 4 (Highly Effective).

	D1: Planning	D2: Instruction	D3: Leadership
Final Ratings	**3 (E)**	**2 (IN)**	**3 (E)**

Scoring Requirement: Planning and instruction go hand-in-hand. Therefore, if a teacher scores a 1 (I) or 2 (IN) in Instruction, he or she cannot receive a rating of 4 (HE) in Planning.

3 Use established weights to roll-up three domain ratings into one rating for domains 1-3

At this point, each of the three final domain ratings is weighted according to importance and summed to form one rating for domains 1-3. As described earlier, the creation and design of the rubric stresses the importance of observable teacher and student actions. These are reflected in Domain 2: Instruction. Good instruction and classroom environment matters more than anything else a teacher can do to improve student outcomes. Therefore, the Instruction Domain is weighted significantly more than the others, at 75%. Planning and Leadership are weighted 10% and 15% respectively.

	Rating (1-4)	Weight	Weighted Rating
Domain 1: Planning	3	10%	0.3
Domain 2: Instruction	2	75%	1.5
Domain 3: Leadership	3	15%	0.45
	Final Score		**2.25**

The calculation here is as follows:

1) Rating x Weight = Weighted Rating

2) Sum of Weighted Ratings = Final Score

4 Incorporate Core Professionalism

At this point, the Teacher Effectiveness Rubric rating is close to completion. Evaluators now look at the fourth domain: Core Professionalism. As described earlier, this domain represents non-negotiable aspects of the teaching profession, such as on-time arrival to school and respect for colleagues. This domain only has two rating levels: Does Not Meet Standard and Meets Standard. The evaluator uses available information and professional judgment to decide if a teacher has not met the standards for

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any of the four indicators. In order for the Core Professionalism domain to be used most effectively, corporations should create detailed policies regarding the four competencies of this domain, for example, more concretely defining an acceptable or unacceptable number of days missed or late arrivals. If a teacher has met standards in each of the four indicators, the score does not change from the result of step 3 above. If the teacher did not meet standards in *at least one* of the four indicators, he or she automatically has a 1 point deduction from the final score in step 3.

Outcome 1: Teacher meets all Core Professionalism standards. Final Teacher Effectiveness Rubric Score = 2.25

Outcome 2: Teacher does not meet all Core Professionalism standards. Final Teacher Effectiveness Rubric Score (2.25-1) = 1.25

Scoring Requirement: 1 is the lowest score a teacher can receive in the RISE system. If, after deducting a point from the teacher's final Teacher Effectiveness Rubric score, the outcome is a number less than 1, then the evaluator should replace this score with a 1. For example, if a teacher has a final rubric score of 1.75, but then loses a point because not all of the core professionalism standards were met, the final rubric score should be 1 instead of 0.75.

The final Teacher Effectiveness Rubric score is then combined with the scores from the teacher's student learning measures in order to calculate a final rating. Details of this scoring process are provided in the Summative Teacher Evaluation Scoring section.

The Role of Professional Judgment

Assessing a teacher's professional practice requires evaluators to constantly use their professional judgment. No observation rubric, however detailed, can capture all of the nuances in how teachers interact with students, and synthesizing multiple sources of information into a final rating on a particular professional competency is inherently more complex than checklists or numerical averages. Accordingly, the Teacher Effectiveness Rubric provides a comprehensive framework for observing teachers' instructional practice that helps evaluators synthesize what they see in the classroom, while simultaneously encouraging evaluators to consider all information collected holistically.

Evaluators must use professional judgment when assigning a teacher a rating for each competency as well as when combining all competency ratings into a single, overall domain score. Using professional judgment, evaluators should consider the ways and extent to which teachers' practice grew over the year, teachers' responses to feedback, how teachers adapted their practice to the their current students, and the many other appropriate factors that cannot be directly accounted for in the Teacher Effectiveness Rubric before settling on a final rating. In short, evaluators' professional judgment bridges the best practices codified in the Teacher Effectiveness Rubric and the specific context of a teacher's school and students.

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Component 2: Student Learning

Student Learning: Overview

Many parents' main question over the course of a school year is: "How much is my child learning?" Student learning is the ultimate measure of the success of a teacher, instructional leader, school, or district. To meaningfully assess the performance of an educator or a school, one must examine the growth and achievement of their students, using multiple measures.

Achievement is defined as meeting a uniform and pre-determined level of mastery on subject or grade level standards

- *Achievement* is a set point or "bar" that is the same for all students, regardless of where they begin

Growth is defined as improving skills required to achieve mastery on a subject or grade level standard over a period of time

- *Growth* differentiates mastery expectations based upon baseline performance.

Available Measures of Student Learning

There are multiple ways of assessing both growth and achievement. When looking at available data sources to measure student learning, we must use measurements that:

- Are **accurate** in assessing student learning and teacher impact on student learning
- Provide **valuable and timely data** to drive instruction in classrooms
- Are **fair** to teachers in different grades and subjects
- Are as **consistent** as possible across grades and subjects
- Allow **flexibility** for districts, schools, and teachers to make key decisions surrounding the best assessments for their students

The Indiana Growth Model is the most common method of measuring growth. This model will be used to measure the student learning for all math and ELA teachers in grades in 4-8. To complement the Growth Model, and to account for those teachers who do not have such data available, RISE also includes measures of students' progress toward specific learning goals, known as Student Learning Objectives.

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Student Learning Objectives involve setting rigorous learning goals for students around common assessments. All teachers will have Student Learning Objectives. For teachers who have a Growth Model rating, these Objectives will serve as additional measures of student achievement. For teachers who do not have a Growth Model rating, the Student Learning Objectives will form the basis for the student learning measures portion of their evaluation. More details on how each type of student learning measure affects a teacher's final rating can be found in the Summative Teacher Evaluation Scoring section.

Indiana Growth Model

The Indiana Growth Model indicates a student's academic progress over the course of a year. It takes a student's ISTEP+ scores in the previous year or years and finds all other students in the state who received the same score(s), for example, in math. Then it looks at all of the current year math scores for the same group of students to see how the student scored compared to the other students in the group. Student growth is reported in percentiles, and therefore represents how a student's current year ISTEP + scores compare to students who had scored similarly in previous ISTEP+ tests.

Indiana teachers are accustomed to looking at growth scores for their students, but these scores will now also be calculated at the classroom level and across classes for use in teacher evaluation. Individual growth model measures are only available for students and teachers in ELA/Math in grades 4-8. For these teachers, students' growth scores will be used to situate teachers in one of the four rating categories. Please access the IDOE website for more information on the metrics used to calculate teachers' 1-4 score based on student growth model data.

School-wide Learning

Because it is important for teachers to have a common mission of improving student achievement, *all* teachers will also have a component of their evaluation score tied to school-wide student learning by aligning with Indiana's new A – F accountability model. The new A – F accountability model will be based on several metrics of school performance, including the percent of students passing the math and ELA ISTEP+, IMAST, and ISTAR for elementary and middle schools, and Algebra I and English 10 ECA scores as well as graduation rates and college and career readiness for high schools. Additionally, school accountability grades may be raised or lowered based on participation rates and student growth (for elementary and middle schools) and improvement in scores (for high schools).

All teachers in the same school will receive the same rating for this measure. Teachers in schools earning an A will earn a 4 on this measure; teachers in a B school will earn a 3; teachers in a C school receive a 2; and teachers who work in either a D or F school earn a 1 on this measure.

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Student Learning Objectives

Effective teachers have learning goals for their students and use assessments to measure their progress toward these goals. They review state and national standards, account for students' starting points, give assessments aligned to those standards, and measure how their students grow during the school year. For those who teach 4th through 8th grade math or ELA, information on the extent to which students grow academically is provided annually in the form of growth model data. Teachers of other grades and subjects do not have such information available. The RISE system helps account for these information gaps by requiring Student Learning Objectives.

A **Student Learning Objective** is a long-term academic goal that teachers and evaluators set for groups of students. It must be:

- Specific and measureable using the most rigorous assessment available
- Based on available prior student learning data
- Aligned to state standards
- Based on student progress and achievement

For subjects without growth model data, student learning objectives provide teachers standards-aligned goals to measure student progress that allow for planning backward to ensure that every minute of instruction is pushing teachers and schools toward a common vision of achievement. By implementing Student Learning Objectives, the RISE system seeks to make these best practices a part of every teacher's planning.

More detailed information on the Student Learning Objectives process along with examples can be found in the *Student Learning Objectives Handbook*, available at www.riseindiana.org.

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Summative Teacher Evaluation Scoring

Review of Components

Each teacher's summative evaluation score will be based on the following components and measures:

1) Professional Practice – Assessment of instructional knowledge and skills
Measure: Indiana Teacher Effectiveness Rubric (TER)

2) Student Learning – Contribution to student academic progress
Measure: Individual Growth Model (IGM)*
Measure: School-wide Learning Measure (SWL)
Measure: Student Learning Objectives (SLO)

* This measure only applies to teachers of grades 4 through 8 who teach ELA or math.

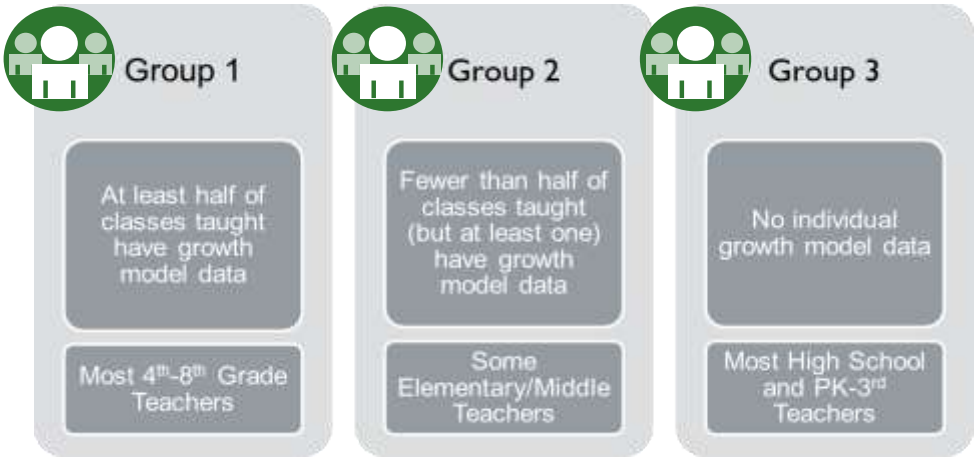
The method for scoring each measure individually has been explained in the sections above. This section will detail the process for combining all measures into a final, summative score.

Weighting of Measures

The primary goal of the weighting method is to treat teachers as fairly and as equally as possible. This particular weighting method does this in a few ways:

- Wherever possible, it aims to take a teacher's mix of grades and subjects into account
- It gives the most weight to the measures that are standardized across teachers
- It includes the same measures (whenever possible) for each teacher

At this point, the evaluator should have calculated or received individual scores for the following measures: Teacher Effectiveness Rubric (TER), Individual Growth Model (IGM) (if available), School-wide Learning Measure (SWL), and Student Learning Objectives (SLO). How these measures are weighted depends on a teacher's mix of classes and the availability of growth data. Teachers fall into one of three groups (further definitions of these groups can be found in the Glossary).



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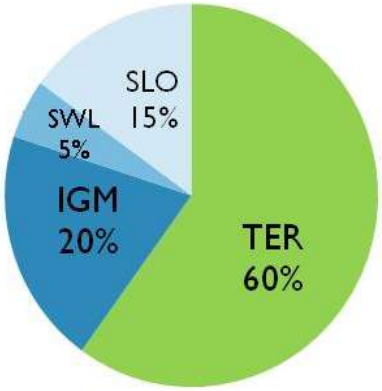
Each group of teachers has a separate weighting scheme. Each is summarized in the charts below.

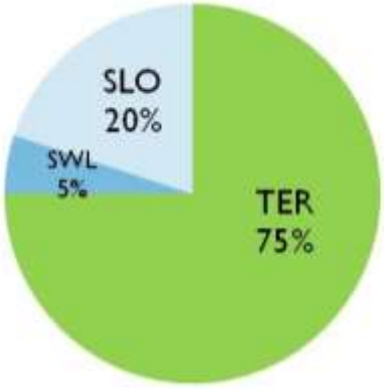
Key:
TER – Teacher Effectiveness Rubric **IGM – Individual Growth Model Data**
SWL – School-wide Learning Measure **SLO – Student Learning Objectives**

Group 1: Teachers who have individual growth model data for at least half of classes taught

Group 2: Teachers who have individual growth model data for fewer than half of classes taught (but at least one class with growth model data)



Group 3 Teachers: Teachers who do not teach any classes with growth model data



Growth model and rubric data are given more weight because educators have more experience with these measures. Student Learning Objectives are a new and difficult process for many. This percentage may increase over time, once teachers and principals are given sufficient practice and training on writing rigorous Student Learning Objectives.

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Compared across groups, the weighting looks as follows:

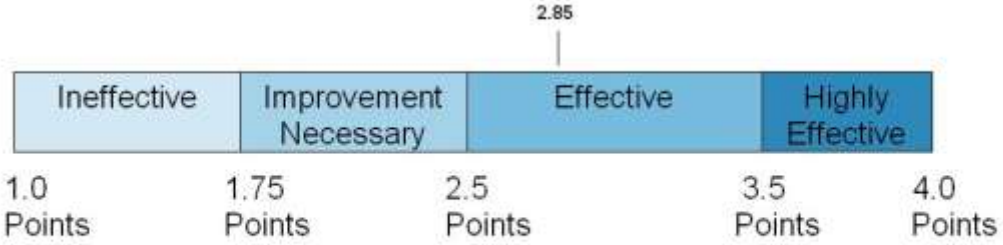
Component	G1: Half or more GM classes	G2: Less than half GM classes	G3: Non GM classes only
Teacher Effectiveness Rubric	50%	60%	75%
Individual Growth Model Data	35%	20%	N/A
Student Learning Objectives	10%	15%	20%
School wide Learning Measure	5%	5%	5%

Once the weights are applied appropriately, an evaluator will have a final decimal number. Below is an example from a Group 1 teacher:

Component	Raw Score	Weight	Weighted Score
Teacher Effectiveness Rubric	2.6	X 50%	= 1.3
Individual Growth Model Data	3	X 35%	= 1.05
Student Learning Objectives	4	X 10%	=0.4
School wide Learning Measure	2	X 5%	=0.1
Sum of the Weighted Scores			2.85

* To get the final weighted score, simply sum the weighted scores from each component.

This final weighted score is then translated into a rating on the following scale.



Note: Borderline points always round up.

The score of 2.85 maps to a rating of "Effective". Primary evaluators should meet with teachers in a summative conference to discuss all the information collected in addition to the final rating. A summative evaluation form to help guide this conversation is provided in Appendix B. The summative conference may occur at the end of the school year in the spring, or when teachers return in the fall, depending on the availability of data for the individual teacher.

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Glossary of RISE Terms

Achievement: Defined as meeting a uniform and pre-determined level of mastery on subject or grade level standards. Achievement is a set point or "bar" that is the same for all students, regardless of where they begin.

Beginning-of-Year Conference: A conference in the fall during which a teacher and primary evaluator discuss the teacher's prior year performance and Professional Development Plan (if applicable). In some cases, this conference may double as the "Summative Conference" as well.

Competency: There are nineteen competencies, or skills of an effective teacher, in the Indiana Teacher Effectiveness Rubric. These competencies are split between the four domains. Each competency has a list of observable indicators for evaluators to look for during an observation.

Corporation-Wide Assessment: A common assessment given to all schools in the corporation. This assessment may have either been created by teachers within the corporation or purchased from an assessment vendor. This may also be an optional state assessment that the corporation chooses to administer corporation-wide (ex. Acuity, mCLASS, etc).

Domain: There are four domains, or broad areas of instructional focus, included in the Indiana Teacher Effectiveness Rubric: Planning, Instruction, Leadership, and Core Professionalism. Under each domain, competencies describe the essential skills of effective instruction.

End-of-Course Assessment: An assessment given at the end of the course to measure mastery in a given content area. The state currently offers end-of-course assessments in Algebra I, English 10, and Biology I. However, many districts and schools have end-of-course assessments that they have created on their own.

End-of-Year Conference: A conference in the spring during which the teacher and primary evaluator discuss the teacher's performance on the Teacher Effectiveness Rubric. In some cases, this conference may double as the "Summative Conference" as well.

Extended Observation: An observation lasting a minimum of 40 minutes. Extended observations can be announced or unannounced, and are accompanied by optional pre-conferences and mandatory post-conferences including written feedback within five school days of the observation.

Group 1 Teacher: For the purpose of summative weighting, a group 1 teacher is a teacher for whom half or more of their "classes" have growth model data. More specifically, this includes any teacher in grades 4-8 that teaches both ELA and Math OR any teacher in grades 4-8 that teaches either ELA or Math for half or more of time spent teaching during the day.

Group 2 Teacher: For the purpose of summative weighting, a group 2 teacher is a teacher who does not qualify as a group 1 teacher and for whom less than half of their "classes" have growth model data.

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More specifically, this includes any teacher in grades 4-8 that teaches either ELA or Math for less than half of time spent teaching during the day.

Group 3 Teacher: For the purpose of summative weighting, a group 3 teacher is a teacher for whom none of their classes have growth model data. This currently represents all PK-3rd teachers and all high school teachers. It also may represent any teachers in grades 4-8 that teach neither math nor ELA.

Growth: Improving skills required to achieve mastery on a subject or grade-level standard over a period of time. Growth differentiates mastery expectations based on baseline performance.

Indiana Growth Model: The IN Growth Model rating is calculated by measuring the progress of students in a teacher's class to students throughout the state who have the same score history (their academic peers). Most teachers will have a small component of their evaluation based on school-wide growth model data. Individual growth model data currently only exists for teachers in grades 4-8 ELA/Math.

Indiana Teacher Effectiveness Rubric: The Indiana Teacher Effectiveness Rubric was written by an evaluation committee of education stakeholders from around the state. The rubric includes nineteen competencies and three primary domains: Planning, Instruction, and Leadership. It also includes a fourth domain: Core Professionalism, used to measure the fundamental aspects of teaching, such as attendance.

Indiana Teacher Evaluation Cabinet: A group of educators from across the state, more than half of whom have won awards for teaching, who helped design the RISE model, including the Indiana Teacher Effectiveness Rubric.

Indicator: These are observable pieces of information for evaluators to look for during an observation. Indicators are listed under each competency in the Indiana Teacher Effectiveness Rubric.

ISTEP+: A statewide assessment measuring proficiency in Math and English Language Arts in grades 3-8, Social Studies in grades 5 and 7, and Science in grades 4 and 6. The Indiana Growth model uses ISTEP scores in Math and ELA to report student growth for these two subjects in grades 4-8.

Mid-Year Conference: An optional conference in the middle of the year in which the primary evaluator and teacher meet to discuss performance thus far.

Post-Conference: A mandatory conference that takes place after an extended observation during which the evaluator provides feedback verbally and in writing to the teacher.

Pre-Conference: An optional conference that takes place before an extended observation during which the evaluator and teacher discuss important elements of the lesson or class that might be relevant to the observation.

Primary Evaluator: The person chiefly responsible for evaluating a teacher. This evaluator approves Professional Development Plans (when applicable) in the fall and assigns the summative rating in the

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spring. Each teacher has only one primary evaluator. The primary evaluator must perform a minimum of one extended and one short observation.

Professional Development Goals: These goals, identified through self-assessment and reviewing prior evaluation data, are the focus of the teacher's Professional Development Plan over the course of the year. Each goal will be specific and measurable, with clear benchmarks for success.

Professional Development Plan: The individualized plan for educator professional development based on prior performance. Each plan consists of Professional Development Goals and clear action steps for how each goal will be met. The only teachers in RISE who must have a Professional Development Plan are those who received a rating of Improvement Necessary or Ineffective the previous year.

Professional Judgment: A primary evaluator's ability to look at information gathered and make an informed decision on a teacher's performance without a set calculation in place. Primary evaluators will be trained on using professional judgment to make decisions.

Professional Practice: Professional Practice is the first of two major components of the summative evaluation score (the other is Student Learning). This component consists of information gathered through observations using the Indiana Teacher Effectiveness Rubric and conferences during which evaluators and teachers may review additional materials.

School-Wide Assessment: A school-wide assessment is common to one school, but not given across schools. It is usually created by a team of teachers within the school, but may have been purchased from an outside vendor. It is administered to all students in a given grade or subject. For an assessment to be considered school-wide, it must be given by more than one teacher.

Secondary Evaluator: An evaluator whose observations, feedback, and information gathering informs the work of a primary evaluator.

Short Observation: An unannounced observation lasting a minimum of 10 minutes. There are no conferencing requirements for short observations. Feedback in writing must be delivered within two school days.

Statewide Assessment: A statewide assessment refers to any mandatory assessment offered by the state. Examples of this in Indiana include: ISTEP, ECAs, LAS Links, etc.

Student Learning Objective: A long-term academic goal that teachers and evaluators set for groups of students. It must be specific and measureable using the most rigorous assessment available, based on available prior student learning data, aligned to state standards, and based on student progress and achievement.

Student Learning: Student Learning is the second major component of the summative evaluation score (the first is Professional Practice). Student Learning is measured by a teacher's individual Indiana Growth Model data (when available), school-wide Indiana Growth Model data, and Student Learning Objectives.

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These elements of student learning are weighted differently depending on the mix of classes a teacher teaches.

Summative Conference: A conference where the primary evaluator and teacher discuss performance from throughout the year leading to a summative rating. This may occur in the spring if all data is available for scoring (coinciding with the End-of-Year Conference), or in the fall if pertinent data isn't available until the summer (coinciding with the Beginning-of-Year Conference).

Summative Rating: The final summative rating is a combination of a teacher's Professional Practice rating and the measures of Student Learning. These elements of the summative rating are weighted differently depending on the mix of classes a teacher teaches. The final score is mapped on to a point scale. The points correspond to the four summative ratings: Highly Effective, Effective, Improvement Necessary, and Ineffective.

Teacher-Created Assessment: A teacher-created assessment is an individual exam developed and administered by an individual teacher. Please note that a teacher-created assessment does not refer to an assessment created by and administered by *groups* of teachers (see school-wide assessment)

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Appendix A – Allowable Modifications to RISE

Corporations that follow the RISE guidelines and use both this handbook and the Student Learning Objectives handbook exactly as written are considered to be using the *RISE Evaluation and Development System*.

If a corporation chooses to make minor edits to the RISE system, the system must then be titled "(Corporation name) RISE", and should be labeled as such on all materials. The edited system must meet the following minimum requirements listed below to use the name RISE:

- Professional Practice Component
  - Minimum number of short and extended observations
  - Minimum length for short and extended observations
  - Minimum requirements around feedback and conferencing
  - Use of the Teacher Effectiveness Rubric with all domains and competencies
  - Scoring weights for all Professional Practice domains, including Core Professionalism
  - Use of optional RISE observation/conferencing forms OR similarly rigorous forms (not checklists)
- Measures of Student Learning
  - Three measures of student learning as outlined in the RISE system
  - All minimum requirements around Student Learning Objectives, including, but not limited to (see Student Learning Objective handbook for details):
    - Assessments
    - Number of objectives
    - Population targets for objectives
    - Process steps
    - Weight of objectives
- Summative Scoring
  - Weights assigned to components of the summative model
  - Definition of groups of teachers for weighting purposes

If a corporation chooses to deviate from any of the minimum requirements of the most recent version of RISE (found at www.riseindiana.org), the corporation may no longer use the name "RISE Corporations can give any alternative title to their system, and may choose to note that the system has been "adapted from Indiana RISE".

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Appendix B – Optional Observation and Conferencing Forms

All forms in this appendix are optional and are not required to be used when implementing RISE. Although evaluators should use a form that best fits their style, some types of forms are better than others. For example, the best observation forms allow space for observers to write down clear evidence of teacher and student practice. One such form is included below, but there are many other models/types of forms that may be used. Using checklists for observation purposes is not recommended, however, as this does not allow the evaluator to clearly differentiate between four levels of performance with supporting evidence.

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Optional Observation Mapping Form 1 – By Competency

Note: It is not expected that every competency be observed during every observation. This form may be used for formal or informal observations per evaluator preference.

SCHOOL: _____ OBSERVER: _____

TEACHER: _____ GRADE/SUBJECT: _____

DATE OF OBSERVATION: _____ START TIME: _____ END TIME: _____

2.1 OBJECTIVE	
Evidence	**Indicator**
2.2 CONTENT	
Evidence	**Indicator**

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2.3 ENGAGEMENT	
Evidence	**Indicator**
2.4 UNDERSTANDING	
Evidence	**Indicator**
2.5 MODIFY INSTRUCTION	
Evidence	**Indicator**

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2.6 RIGOR	
Evidence	**Indicator**
2.7 MAXIMIZE INSTRUCTIONAL TIME	
Evidence	**Indicator**
2.8 CLASSROOM CULTURE	
Evidence	**Indicator**

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2.9 HIGH EXPECTATIONS	
Evidence	**Indicator**

Overall Strengths:

Overall Areas for Improvement:

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Optional Pre-Observation Form - Teacher

Note: This form may be used in conjunction with a pre-conference, but can also be exchanged without a pre-conference prior to the observation.

SCHOOL: _____ OBSERVER:_____
TEACHER: _____ GRADE/SUBJECT: _____
DATE AND PERIOD OF SCHEDULED OBSERVATION: _____

Dear Teacher,
In preparation for your formal observation, please answer the questions below and attach any requested material.

1) What learning objectives or standards will you target during this class?

2) How will you know if students are mastering/have mastered the objective?

3) Is there anything you would like me to know about this class in particular?

4) Are there any skills or new practices you have been working on that I should look for?

Please attach the following items for review prior to your scheduled observation:

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Optional Post-Observation Form - Evaluators

Instructions: The primary post-observation document should simply be a copy of the observation notes taken in the classroom. This form is designed to summarize and supplement the notes.

SCHOOL: _____ OBSERVER: _____

TEACHER: _____ GRADE/SUBJECT: _____

DATE OF OBSERVATION: _____ START TIME: _____ END TIME: _____

Domain 2: Areas of Strength Observed in the Classroom (identify specific competencies):

Domain 2: Areas for Improvement Observed in the Classroom (identify specific competencies):

Domain 1: Analysis of information (including strengths and weaknesses) in Planning:

Domain 3: Analysis of information (including strengths and weaknesses) in Leadership:

Action Steps for Teacher Areas of Improvement:

This section should be written by the teacher and evaluator during the post-conference.

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Optional Post-Observation Form – Teacher

SCHOOL: _____ OBSERVER: _____
TEACHER: _____ GRADE/SUBJECT: _____
DATE OF OBSERVATION: _____ START TIME: _____ END TIME: _____

Dear Teacher,
In preparation for our post-conference, please complete this questionnaire and bring it with you when we meet. Your honesty is appreciated and will help us to have a productive conversation about your performance and areas for improvement.

1) How do you think the lesson went? What went well and what didn't go so well?

2) Did you accomplish all that you wanted to in terms of students mastering the objectives of the lesson? If not, why do you think it did not go as planned?

3) If you were to teach this lesson again, what would you do differently?

4) Did the results of this lesson influence or change your planning for future lessons?

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Optional Mid-Year Professional Practice Check-In Form

SCHOOL: _____ SUMMATIVE EVALUATOR: _____
TEACHER: _____ GRADE/SUBJECT: _____
DATE: _____

Note: Mid-year check-in conferences are optional for any teacher without a professional development plan, but can be helpful for evaluators to assess what information still needs to be collected, and for teachers to understand how they are performing thus far. It should be understood that the mid-year rating is only an assessment of the first part of the year and does not necessarily correspond to the end-of-year rating. If there has not yet been enough information to give a mid-year rating, circle N/A.

Number of Formal Observations Prior to Mid-Year Check-in: _____

Number if Informal Observations Prior to Mid-Year Check-in: _____

Domain 1: Planning	**Mid-Year Assessment of Domain 1**
1.1 Utilize Assessment Data to Plan 1.2 Set Ambitious and Measurable 1.3 Achievement Goals 1.4 Develop Standards-Based Unit Plans and Assessments 1.5 Create Objective-Driven Lesson Plans and Assessments 1.6 Track Student Data and Analyze Progress	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**

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Domain 2: Instruction	Mid-Year Assessment of Domain 2
2.1 Develop Student Understanding and Mastery of Lesson Objectives	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**
2.2 Demonstrate and Clearly Communicate Content Knowledge to Students	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**
2.3 Engage Students in Academic Content	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**

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2.4 Check for Understanding	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**
2.5 Modify Instruction as Needed	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**
2.6 Develop Higher Level Understanding Through Rigorous Instruction and Work	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**

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2.7 Maximize Instructional Time	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**
2.8 Create Classroom Culture of Respect and Collaboration	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**
2.9 Set High Expectations for Academic Success	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**

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Domain 3: Leadership	Mid-Year Assessment of Domain 3
3.1 Contribute to School Culture 3.2 Collaborate with Peers 3.3 Seek Professional Skills and Knowledge 3.4 Advocate for Student Success 3.5 Engage Families in Student Learning	
Mid-Year Rating (Circle One)	**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff. N/A**
Domain 4: Professionalism	**Mid-Year Assessment of Domain 4**
1. Attendance 2. On-Time Arrival 3. Policies and Procedures 4. Respect	
Mid-Year Rating (Circle One)	**Meets Standards Does Not Meet Standards**

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Optional Summative Rating Form

SCHOOL: _____ SUMMATIVE EVALUATOR: _____
TEACHER: _____ GRADE/SUBJECT: _____
DATE: _____

Note: Prior to the summative conference, evaluators should complete this form based on information collected and assessed throughout the year. A copy should be given to the teacher for discussion during the summative conference. For more information on the Student Learning Objectives component of this form, see the Student Learning Objectives Handbook.

Teacher Effectiveness Rubric Scoring

Number of Formal Observations: _____

Number if Informal Observations: _____

Domain 1: Planning	Competency Rating	Final Assessment of Domain 1
1.1 Utilize Assessment Data to Plan	1.1: _____	
1.2 Set Ambitious and Measurable Achievement Goals	1.2: _____	
1.3 Develop Standards-Based Unit Plans and Assessments	1.3: _____	
1.4 Create Objective-Driven Lesson Plans and Assessments	1.4: _____	
1.5 Track Student Data and Analyze Progress	1.5: _____	
Final Rating (Circle One)		**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff.**

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Domain 2: Instruction	Competency Rating	Final Assessment of Domain 2
2.1 Develop Student Understanding and Mastery of Lesson Objectives	2.1: _____	
2.2 Demonstrate and Clearly Communicate Content Knowledge to Students	2.2: _____	
2.3 Engage Students in Academic Content	2.3: _____	
2.4 Check for Understanding	2.4: _____	
2.5 Modify Instruction as Needed	2.5: _____	
2.6 Develop Higher Level Understanding Through Rigorous Instruction and Work	2.6: _____	
2.7 Maximize Instructional Time	2.7: _____	
2.8 Create Classroom Culture of Respect and Collaboration	2.8: _____	
2.9 Set High Expectations for Academic Success	2.9: _____	
Final Rating (Circle One)		**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff.**

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Domain 3: Leadership	Competency Rating	Final Assessment of Domain 3
3.1 Contribute to School Culture	3.1: _____	
3.2 Collaborate with Peers	3.2: _____	
3.3 Seek Professional Skills and Knowledge	3.1: _____	
3.4 Advocate for Student Success	3.4: _____	
3.5 Engage Families in Student Learning	3.5: _____	
Final Rating (Circle One)		**4 – High. Eff. 3 – Eff. 2- Improv. Nec 1 – Ineff.**

Domains 1-3 Weighted Scores

Domain	Rating (1-4)	Weight	Weighted Rating
Domain 1		10%	
Domain 2		75%	
Domain 3		15%	
	Final Score for Domains 1-3:		

Follow the following formula to calculate by hand:

1) Rating * % Weight = Weighted Rating
2) Sum of Weighted Ratings = Final Score for Domains 1-3

Final Teacher Effectiveness Rubric Score, Domains 1-3: _____

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Domain 4: Professionalism	Final Assessment of Domain 4
1. Attendance 2. On-Time Arrival 3. Policies and Procedures 4. Respect	
Final Rating (Circle One)	**Meets Standards** **Does Not Meet Standards**

Final Teacher Effectiveness Rubric Score

Directions: If the teacher "Meets Standards" above, deduct 0 points. The final Teacher Effectiveness Rubric score remains the same as in the previous step. If the teacher "Does Not Meet Standards", deduct 1 point from the score calculated in the previous step.

Final Teacher Effectiveness Rubric Score: _____

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Student Learning Objectives

Class Objective

	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
What was the teacher's Class Learning Objective?				

Content Mastery Standard	Number of Students Who Achieved Mastery	Number of Students in Course	Percentage of Students Who Achieved Mastery

Were there any important changes to the population of students in the targeted class (e.g., attendance problems, significant issues/changes to specific students) that you considered when rating the class objective? If so, state them below.

Based on the above table, the teacher's Class Student Learning Objective, and your professional judgment, indicate the appropriate performance level

Ineffective ☐ Improvement Necessary ☐ Effective ☐ Highly Effective ☐

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Targeted Objective

Targeted Learning Objective	What was the teacher's Targeted Objective Learning Goal for the targeted students?

Did the teacher meet this objective? Met Objective ☐ Did Not Meet Objective ☐

What evidence did you use to determine whether the teacher "surpassed goal or otherwise demonstrated outstanding student mastery or progress?"

Based on the teacher's Targeted Student Learning Objective, the evidence discussed above, and your professional judgment, indicate the appropriate performance level:

Ineffective ☐ Improvement Necessary ☐ Effective ☐ Highly Effective ☐

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Student Learning Objectives Weighted Scores

Objective	Rating (1-4)	Weight	Weighted Rating
Class		50%	
Targeted		50%	
Final Student Learning Objectives Score:			

Follow the following formula to calculate by hand:

1) Rating * % Weight = Weighted Rating
2) Sum of Weighted Ratings = Final Student Learning Objectives Score

Final Student Learning Objectives Score: _____

Final Summative Rating

Circle the group to which the teacher belongs. Then use the appropriate weights to calculate the final rating:

Group 1 **Group 2** **Group 3**

Choose only one set of weights					
Measure	**Rating (1-4)**	**GROUP 1 Weights**	**GROUP 2 Weights**	**GROUP 3 Weights**	**Weighted Rating**
Teacher Effectiveness Rubric		50%	60%	75%	
Indiana Growth Model		35%	20%	---	
Student Learning Objectives		10%	15%	20%	
School-wide Learning Measure*		5%	5%	5%	
		Final Summative Score:			

* All teachers in the same school should have the same rating on this measure

Follow the following formula to calculate by hand:

1) Rating * % Weight = Weighted Rating
2) Sum of Weighted Ratings = Final Summative Score

Final Summative Evaluation Score: _____

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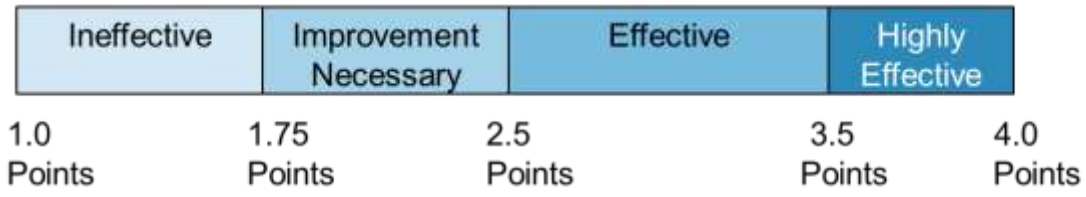
Use the chart below and the Final Summative Evaluation Score to determine the teacher's final rating.



Note: Borderline points always round up.

Final Summative Rating:

☐ **Ineffective** ☐ **Improvement Necessary**

☐ **Effective** ☐ **Highly Effective**

Teacher Signature

I have met with my evaluator to discuss the information on this form and have received a copy.

Signature: _____ Date: _____

Evaluator Signature

I have met with this teacher to discuss the information on this form and provided a copy.

Signature: _____ Date: _____

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Optional Professional Development Plan

Using relevant student learning data, evaluation feedback and previous professional development, establish areas of professional growth below. Although there is not a required number of goals in a professional development plan, you should set as many goals as appropriate to meet your needs. In order to focus your efforts toward meeting all of your goals, it will be best to have no more than three goals at any given time. Each of your goals is important but you should rank your goals in order of priority. On the following pages, complete the growth plan form for each goal.

Goal	**Achieved?**
1.	
2.	
3.	

Name:			
School:			
Grade Level(s):		**Subject(s):**	
Date Developed:		**Date Revised:**	
Primary Evaluator Approval	*X*	*Teacher Approval*	*X*

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Professional Growth Goal #1						
Overall Goal: *Using your most recent evaluation, identify a professional growth goal below. Identify alignment to rubric (domain and competency).*	Action Steps: *Include specific and measurable steps you will take to improve.*	Benchmarks and Data: *Set benchmarks to check your progress throughout the improvement timeline (no more than 90 school days for remediation plans). Also, include data you will use to ensure your progress is adequate at each benchmark.*				Evidence of Achievement: *How do you know that your goal has been met?*
	Action Step 1	__/__/__	__/__/__	__/__/__	__/__/__	
		Data:	Data:	Data:	Data:	
	Action Step 2	__/__/__	__/__/__	__/__/__	__/__/__	
		Data:	Data:	Data:	Data:	

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Professional Growth Goal #2						
Overall Goal: *Using your most recent evaluation, identify a professional growth goal below. Identify alignment to rubric (domain and competency).*	Action Steps: *Include specific and measurable steps you will take to improve.*	Benchmarks and Data: *Set benchmarks to check your progress throughout the improvement timeline (no more than 90 school days for remediation plans). Also, include data you will use to ensure your progress is adequate at each benchmark.*				Evidence of Achievement: *How do you know that your goal has been met?*
	Action Step 1	__/__/__	__/__/__	__/__/__	__/__/__	
		Data:	Data:	Data:	Data:	
	Action Step 2	__/__/__	__/__/__	__/__/__	__/__/__	
		Data:	Data:	Data:	Data:	

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Professional Growth Goal #3						
Overall Goal: *Using your most recent evaluation, identify a professional growth goal below. Identify alignment to rubric (domain and competency).*	Action Steps: *Include specific and measurable steps you will take to improve.*	Benchmarks and Data: *Set benchmarks to check your progress throughout the improvement timeline (no more than 90 school days for remediation plans). Also, include data you will use to ensure your progress is adequate at each benchmark.*				Evidence of Achievement: *How do you know that your goal has been met?*
	Action Step 1	__/__/__	__/__/__	__/__/__	__/__/__	
		Data:	Data:	Data:	Data:	
	Action Step 2	__/__/__	__/__/__	__/__/__	__/__/__	
		Data:	Data:	Data:	Data:	

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Appendix C – Indiana Teacher Effectiveness Rubric

On the following page, you will find the Indiana Teacher Effectiveness Rubric. Visit www.riseindiana.org for versions of the rubric that are printable on 8.5” x 11” paper.

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RISE
Evaluation and Development System

Indiana Department of Education

Indiana Teacher Effectiveness Rubric 2.0

This document contains no modifications from Version 1.0. It is labeled Version 2.0 to maintain labeling consistency across materials.

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DOMAIN 1: PURPOSEFUL PLANNING

Teachers use Indiana content area standards to develop a rigorous curriculum relevant for all students: building meaningful units of study, continuous assessments and a system for tracking student progress as well as plans for accommodations and changes in response to a lack of student progress.

Competencies		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
1.1	**Utilize Assessment Data to Plan**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Incorporates differentiated instructional strategies in planning to reach every student at his/her level of understanding	**Teacher uses prior assessment data to formulate:** - Achievement goals, unit plans, AND lesson plans	**Teacher uses prior assessment data to formulate:** - Achievement goals, unit plans, OR lesson plans, but not all of the above	Teacher rarely or never uses prior assessment data when planning.
1.2	**Set Ambitious and Measurable Achievement Goals**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Plans an ambitious annual student achievement goal	**Teacher develops an annual student achievement goal that is:** - Measurable; - Aligned to content standards; AND - Includes benchmarks to help monitor learning and inform interventions throughout the year	**Teacher develops an annual student achievement goal that is:** - Measurable **The goal may *not:*** - Align to content standards; OR - Include benchmarks to help monitor learning and inform interventions throughout the year	Teacher rarely or never develops achievement goals for the class OR goals are developed, but are extremely general and not helpful for planning purposes
1.3	**Develop Standards-Based Unit Plans and Assessments**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Creates well-designed unit assessments that align with an end of year summative assessment (either state, district, or teacher created) - Anticipates student reaction to content; allocation of time per unit is flexible and/or reflects level of difficulty of each unit	**Based on achievement goals, teacher plans units by:** - Identifying content standards that students will master in each unit -Creating assessments before each unit begins for backwards planning - Allocating an instructionally appropriate amount of time for each unit	**Based on achievement goals, teacher plans units by:** - Identifying content standards that students will master in each unit **Teacher may *not:*** -Create assessments before each unit begins for backwards planning - Allocate an instructionally appropriate amount of time for each unit	Teacher rarely or never plans units by identifying content standards that students will master in each unit OR there is little to no evidence that teacher plans units at all.

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1.4	**Create Objective-Driven Lesson Plans and Assessments**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Plans for a variety of differentiated instructional strategies, anticipating where these will be needed to enhance instruction - Incorporates a variety of informal assessments/checks for understanding as well as summative assessments where necessary and uses all assessments to directly inform instruction	**Based on unit plan, teacher plans daily lessons by:** - Identifying lesson objectives that are aligned to state content standards. - Matching instructional strategies as well as meaningful and relevant activities/assignments to the lesson objectives - Designing formative assessments that measure progress towards mastery and inform instruction	**Based on unit plan, teacher plans daily lessons by:** - Identifying lesson objectives that are aligned to state content standards - Matching instructional strategies and activities/assignments to the lesson objectives. **Teacher may *not:*** - Design assignments that are meaningful or relevant - Plan formative assessments to measure progress towards mastery or inform instruction.	Teacher rarely or never plans daily lessons OR daily lessons are planned, but are thrown together at the last minute, thus lacking meaningful objectives, instructional strategies, or assignments.
1.5	**Track Student Data and Analyze Progress**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Uses daily checks for understanding for additional data points - Updates tracking system daily - Uses data analysis of student progress to drive lesson planning for the following day	**Teacher uses an effective data tracking system for:** - Recording student assessment/ progress data - Analyzing student progress towards mastery and planning future lessons/units accordingly - Maintaining a grading system aligned to student learning goals	**Teacher uses an effective data tracking system for:** - Recording student assessment/ progress data - Maintaining a grading system **Teacher may *not:*** **-** Use data to analyze student progress towards mastery or to plan future lessons/units - Have grading system that appropriately aligns with student learning goals	Teacher rarely or never uses a data tracking system to record student assessment/progress data and/or has no discernable grading system

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DOMAIN 2: EFFECTIVE INSTRUCTION

Teachers facilitate student academic practice so that all students are participating and have the opportunity to gain mastery of the objectives in a classroom environment that fosters a climate of urgency and expectation around achievement, excellence and respect.

Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.1:	Teacher is highly effective at developing student understanding and mastery of lesson objectives	Teacher is effective at developing student understanding and mastery of lesson objectives	Teacher needs improvement at developing student understanding and mastery of lesson objectives	Teacher is ineffective at developing student understanding and mastery of lesson objectives
Develop student understanding and mastery of lesson objectives	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Students can explain what they are learning and why it is important, beyond repeating the stated objective - Teacher effectively engages prior knowledge of students in connecting to lesson. Students demonstrate through work or comments that they understand this connection	- Lesson objective is specific, measurable, and aligned to standards. It conveys what students are learning and what they will be able to do by the end of the lesson - Objective is written in a student-friendly manner and/or explained to students in easy- to- understand terms - Importance of the objective is explained so that students understand why they are learning what they are learning - Lesson builds on students' prior knowledge of key concepts and skills and makes this connection evident to students - Lesson is well-organized to move students towards mastery of the objective	- Lesson objective conveys what students are learning and what they will be able to do by the end of the lesson, but may not be aligned to standards or measurable - Objective is stated, but not in a student-friendly manner that leads to understanding - Teacher attempts explanation of importance of objective, but students fail to understand - Lesson generally does not build on prior knowledge of students or students fail to make this connection - Organization of the lesson may not always be connected to mastery of the objective	- Lesson objective is missing more than one component. It may not be clear about what students are learning or will be able to do by the end of the lesson. - There may not be a clear connection between the objective and lesson, or teacher may fail to make this connection for students. - Teacher may fail to discuss importance of objective or there may not be a clear understanding amongst students as to why the objective is important. - There may be no effort to connect objective to prior knowledge of students - Lesson is disorganized and does not lead to mastery of objective.

Notes:

1. One way in which an observer could effectively gather information to score this standard is through brief conversations with students (when appropriate).
2. In some situations, it may not be appropriate to state the objective for the lesson (multiple objectives for various "centers", early-childhood inquiry-based lesson, etc). In these situations, the observer should assess whether or not students are engaged in activities that will lead them towards mastery of an objective, even if it is not stated.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.2:	Teacher is highly effective at demonstrating and clearly communicating content knowledge to students	Teacher is effective at demonstrating and clearly communicating content knowledge to students	Teacher needs improvement at demonstrating and clearly communicating content knowledge to students	Teacher is ineffective at demonstrating and clearly communicating content knowledge to students
Demonstrate and Clearly Communicate Content Knowledge to Students	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Teacher fully explains concepts in as direct and efficient a manner as possible, while still achieving student understanding - Teacher effectively connects content to other content areas, students' experiences and interests, or current events in order to make content relevant and build interest - Explanations spark student excitement and interest in the content - Students participate in each others' learning of content through collaboration during the lesson - Students ask higher-order questions and make connections independently, demonstrating that they understand the content at a higher level	- Teacher demonstrates content knowledge and delivers content that is factually correct - Content is clear, concise and well-organized - Teacher restates and rephrases instruction in multiple ways to increase understanding - Teacher emphasizes key points or main ideas in content - Teacher uses developmentally appropriate language and explanations - Teacher implements relevant instructional strategies learned via professional development	-Teacher delivers content that is factually correct - Content occasionally lacks clarity and is not as well organized as it could be - Teacher may fail to restate or rephrase instruction in multiple ways to increase understanding - Teacher does not adequately emphasize main ideas, and students are sometimes confused about key takeaways - Explanations sometimes lack developmentally appropriate language - Teacher does not always implement new and improved instructional strategies learned via professional development	- Teacher may deliver content that is factually incorrect - Explanations may be unclear or incoherent and fail to build student understanding of key concepts - Teacher continues with planned instruction, even when it is obvious that students are not understanding content - Teacher does not emphasize main ideas, and students are often confused about content - Teacher fails to use developmentally appropriate language - Teacher does not implement new and improved instructional strategies learned via professional development

Notes:

1. Content may be communicated by either direct instruction or guided inquiry depending on the context of the classroom or lesson.
2. If the teacher presents information with any mistake that would leave students with a significant misunderstanding at the end of the lesson, the teacher should be scored a Level 1 for this competency.
3. Instructional strategies learned via professional development may include information learned during instructional coaching sessions as well as mandatory or optional school or district-wide PD sessions.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.3:	Teacher is highly effective at engaging students in academic content	Teacher is effective at engaging students in academic content	Teacher needs improvement at engaging students in academic content	Teacher is ineffective at engaging students in academic content
Engage students in academic content	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Teacher provides ways to engage with content that significantly promotes student mastery of the objective - Teacher provides differentiated ways of engaging with content specific to individual student needs - The lesson progresses at an appropriate pace so that students are never disengaged, and students who finish early have something else meaningful to do - Teacher effectively integrates technology as a tool to engage students in academic content	-3/4 or more of students are actively engaged in content at all times and not off-task - Teacher provides multiple ways, as appropriate, of engaging with content, all aligned to the lesson objective - Ways of engaging with content reflect different learning modalities or intelligences - Teacher adjusts lesson accordingly to accommodate for student prerequisite skills and knowledge so that all students are engaged - ELL and IEP students have the appropriate accommodations to be engaged in content - Students work hard and are deeply active rather than passive/receptive (See Notes below for specific evidence of engagement)	- Fewer than 3/4 of students are engaged in content and many are off-task - Teacher may provide multiple ways of engaging students, but perhaps not aligned to lesson objective or mastery of content - Teacher may miss opportunities to provide ways of differentiating content for student engagement - Some students may not have the prerequisite skills necessary to fully engage in content and teacher's attempt to modify instruction for these students is limited or not always effective - ELL and IEP students are sometimes given appropriate accommodations to be engaged in content - Students may appear to actively listen, but when it comes time for participation are disinterested in engaging	- Fewer than 1/2 of students are engaged in content and many are off-task - Teacher may only provide one way of engaging with content OR teacher may provide multiple ways of engaging students that are not aligned to the lesson objective or mastery of content - Teacher does not differentiate instruction to target different learning modalities - Most students do not have the prerequisite skills necessary to fully engage in content and teacher makes no effort to adjust instruction for these students - ELL and IEP students are not provided with the necessary accommodations to engage in content - Students do not actively listen and are overtly disinterested in engaging.

Notes:

1. The most important indicator of success here is that students are actively engaged in the content. For a teacher to receive credit for providing students a way of engaging with content, students must be engaged in that part of the lesson.
2. Some observable evidence of engagement may include (but is not limited to): (a) raising of hands to ask and answer questions as well as to share ideas; (b) active listening (not off-task) during lesson; or (c) active participation in hands-on tasks/activities.
3. Teachers may provide multiple ways of engaging with content via different learning modalities (auditory, visual, kinesthetic/tactile) or via multiple intelligences (spatial, linguistic, musical, interpersonal, logical-mathematical, etc). It may also be effective to engage students via two or more strategies targeting the same modality.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.4: **Check for Understanding**	Teacher is highly effective at checking for understanding	Teacher is effective at checking for understanding	Teacher needs improvement at checking for understanding	Teacher is ineffective at checking for understanding
	For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following: - Teacher checks for understanding at higher levels by asking pertinent, scaffold questions that push thinking; accepts only high quality student responses (those that reveal understanding or lack thereof) - Teacher uses open-ended questions to surface common misunderstandings and assess student mastery of material at a range of both lower and higher-order thinking	- Teacher checks for understanding at almost all key moments (when checking is necessary to inform instruction going forward) - Teacher uses a variety of methods to check for understanding that are successful in capturing an accurate "pulse" of the class's understanding - Teacher uses wait time effectively both after posing a question and before helping students think through a response - Teacher doesn't allow students to "opt-out" of checks for understanding and cycles back to these students - Teacher systematically assesses every student's mastery of the objective(s) at the end of each lesson through formal or informal assessments (see note for examples)	- Teacher sometimes checks for understanding of content, but misses several key moments - Teacher may use more than one type of check for understanding, but is often unsuccessful in capturing an accurate "pulse" of the class's understanding - Teacher may not provide enough wait time after posing a question for students to think and respond before helping with an answer or moving forward with content - Teacher sometimes allows students to "opt-out" of checks for understanding without cycling back to these students - Teacher may occasionally assess student mastery at the end of the lesson through formal or informal assessments.	- Teacher rarely or never checks for understanding of content, or misses nearly all key moments -Teacher does not check for understanding, or uses only one ineffective method repetitively to do so, thus rarely capturing an accurate "pulse" of the class's understanding - Teacher frequently moves on with content before students have a chance to respond to questions or frequently gives students the answer rather than helping them think through the answer. - Teacher frequently allows students to "opt-out" of checks for understanding and does not cycle back to these students - Teacher rarely or never assesses for mastery at the end of the lesson

Notes:

1. Examples of times when checking for understanding may be useful are: before moving on to the next step of the lesson, or partway through independent practice.
2. Examples of how the teacher may assess student understanding and mastery of objectives:

• Checks for Understanding: thumbs up/down, cold-calling
• Do Nows, Turn and Talk/ Pair Share, Guided or Independent Practice, Exit Slips

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.5: **Modify Instruction As Needed**	Teacher is highly effective at modifying instruction as needed	Teacher is effective at modifying instruction as needed	Teacher needs improvement at modifying instruction as needed	Teacher is ineffective at modifying instruction as needed
	For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following: - Teacher anticipates student misunderstandings and preemptively addresses them - Teacher is able to modify instruction to respond to misunderstandings without taking away from the flow of the lesson or losing engagement	- Teacher makes adjustments to instruction based on checks for understanding that lead to increased understanding for most students - Teacher responds to misunderstandings with effective scaffolding techniques - Teacher doesn't give up, but continues to try to address misunderstanding with different techniques if the first try is not successful	- Teacher may attempt to make adjustments to instruction based on checks for understanding, but these attempts may be misguided and may not increase understanding for all students - Teacher may primarily respond to misunderstandings by using teacher-driven scaffolding techniques (for example, re-explaining a concept), when student-driven techniques could have been more effective - Teacher may persist in using a particular technique for responding to a misunderstanding, even when it is not succeeding	- Teacher rarely or never attempts to adjust instruction based on checks for understanding, and any attempts at doing so frequently fail to increase understanding for students - Teacher only responds to misunderstandings by using teacher-driven scaffolding techniques - Teacher repeatedly uses the same technique to respond to misunderstandings, even when it is not succeeding

Notes:

1. In order to be effective at this competency, a teacher must have at least scored a 3 on competency 2.4 - in order to modify instruction as needed, one must first know how to check for understanding.
2. A teacher can respond to misunderstandings using "scaffolding" techniques such as: activating background knowledge, asking leading questions, breaking the task into small parts, using mnemonic devices or analogies, using manipulatives or hands-on models, using "think alouds", providing visual cues, etc.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.6: **Develop Higher Level of Understanding through Rigorous Instruction and Work**	Teacher is highly effective at developing a higher level of understanding through rigorous instruction and work	Teacher is effective at developing a higher level of understanding through rigorous instruction and work	Teacher needs improvement at developing a higher level of understanding through rigorous instruction and work	Teacher is ineffective at developing a higher level of understanding through rigorous instruction and work
	For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following: - Lesson is accessible and challenging to all students - Students are able to answer higher-level questions with meaningful responses - Students pose higher-level questions to the teacher and to each other - Teacher highlights examples of recent student work that meets high expectations; Insists and motivates students to do it again if not great - Teacher encourages students' interest in learning by providing students with additional opportunities to apply and build skills beyond expected lesson elements (e.g. extra credit or enrichment assignments)	- Lesson is accessible and challenging to almost all students - Teacher frequently develops higher-level understanding through effective questioning - Lesson pushes almost all students forward due to differentiation of instruction based on each student's level of understanding - Students have opportunities to meaningfully practice, apply, and demonstrate that they are learning - Teacher shows patience and helps students to work hard toward mastering the objective and to persist even when faced with difficult tasks	- Lesson is not always accessible or challenging for students - Some questions used may not be effective in developing higher-level understanding (too complex or confusing) - Lesson pushes some students forward, but misses other students due to lack of differentiation based on students' level of understanding - While students may have some opportunity to meaningfully practice and apply concepts, instruction is more teacher-directed than appropriate - Teacher may encourage students to work hard, but may not persist in efforts to have students keep trying	- Lesson is not aligned with developmental level of students (may be too challenging or too easy) - Teacher may not use questioning as an effective tool to increase understanding. Students only show a surface understanding of concepts. - Lesson rarely pushes any students forward. Teacher does not differentiate instruction based on students' level of understanding. - Lesson is almost always teacher directed. Students have few opportunities to meaningfully practice or apply concepts. - Teacher gives up on students easily and does not encourage them to persist through difficult tasks

Notes:

1. Examples of types of questions that can develop higher-level understanding:
• Activating higher levels of inquiry on Bloom's taxonomy (using words such as "analyze", "classify", "compare", "decide", "evaluate", "explain", or "represent")
• Asking students to explain their reasoning
• Asking students to explain why they are learning something or to summarize the main idea
• Asking students to apply a new skill or concept in a different context
• Posing a question that increases the rigor of the lesson content
• Prompting students to make connections to previous material or prior knowledge
2. Higher-level questioning should result in higher-level student understanding. If it does not, credit should not be given.
3. Challenging tasks rather than questions may be used to create a higher-level of understanding, and if successful, should be credited in this competency
4. The frequency with which a teacher should use questions to develop higher-level understanding will vary depending on the topic and type of lesson.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.7: **Maximize Instructional Time**	Teacher is highly effective at maximizing instructional time	Teacher is effective at maximizing instructional time	Teacher needs improvement at maximizing instructional time	Teacher is ineffective at maximizing instructional time
	For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following: - Routines, transitions, and procedures are well-executed. Students know what they are supposed to be doing and when without prompting from the teacher - Students are always engaged in meaningful work while waiting for the teacher (for example, during attendance) - Students share responsibility for operations and routines and work well together to accomplish these tasks - All students are on-task and follow instructions of teacher without much prompting - Disruptive behaviors and off-task conversations are rare; When they occur, they are always addressed without major interruption to the lesson	- Students arrive on-time and are aware of the consequences of arriving late (unexcused) - Class starts on-time - Routines, transitions, and procedures are well-executed. Students know what they are supposed to be doing and when with minimal prompting from the teacher - Students are only ever not engaged in meaningful work for brief periods of time (for example, during attendance) - Teacher delegates time between parts of the lesson appropriately so as best to lead students towards mastery of objective - Almost all students are on-task and follow instructions of teacher without much prompting - Disruptive behaviors and off-task conversations are rare; When they occur, they are almost always addressed without major interruption to the lesson.	- Some students consistently arrive late (unexcused) for class without consequences - Class may consistently start a few minutes late - Routines, transitions, and procedures are in place, but require significant teacher direction or prompting to be followed - There is more than a brief period of time when students are left without meaningful work to keep them engaged - Teacher may delegate lesson time inappropriately between parts of the lesson - Significant prompting from the teacher is necessary for students to follow instructions and remain on-task - Disruptive behaviors and off-task conversations sometimes occur; they may not be addressed in the most effective manner and teacher may have to stop the lesson frequently to address the problem.	- Students may frequently arrive late (unexcused) for class without consequences - Teacher may frequently start class late. - There are few or no evident routines or procedures in place. Students are unclear about what they should be doing and require significant direction from the teacher at all times - There are significant periods of time in which students are not engaged in meaningful work - Teacher wastes significant time between parts of the lesson due to classroom management. - Even with significant prompting, students frequently do not follow directions and are off-task - Disruptive behaviors and off-task conversations are common and frequently cause the teacher to have to make adjustments to the lesson.

Notes:

1. The overall indicator of success here is that operationally, the classroom runs smoothly so that time can be spent on valuable instruction rather than logistics and discipline.
2. It should be understood that a teacher can have disruptive students no matter how effective he/she may be. However, an effective teacher should be able to minimize disruptions amongst these students and when they do occur, handle them without detriment to the learning of other students.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.8: **Create Classroom Culture of Respect and Collaboration**	Teacher is highly effective at creating a classroom culture of respect and collaboration	Teacher is effective at creating a classroom culture of respect and collaboration	Teacher needs improvement at creating a classroom culture of respect and collaboration	Teacher is ineffective at creating a classroom culture of respect and collaboration
	For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following: - Students are invested in the academic success of their peers as evidenced by unprompted collaboration and assistance - Students reinforce positive character and behavior and discourage negative behavior amongst themselves	- Students are respectful of their teacher and peers - Students are given opportunities to collaborate and support each other in the learning process - Teacher reinforces positive character and behavior and uses consequences appropriately to discourage negative behavior - Teacher has a good rapport with students, and shows genuine interest in their thoughts and opinions	- Students are generally respectful of their teacher and peers, but may occasionally act out or need to be reminded of classroom norms - Students are given opportunities to collaborate, but may not always be supportive of each other or may need significant assistance from the teacher to work together - Teacher may praise positive behavior OR enforce consequences for negative behavior, but not both - Teacher may focus on the behavior of a few students, while ignoring the behavior (positive or negative) of others	- Students are frequently disrespectful of teacher or peers as evidenced by discouraging remarks or disruptive behavior - Students are not given many opportunities to collaborate OR during these times do not work well together even with teacher intervention - Teacher rarely or never praises positive behavior - Teacher rarely or never addresses negative behavior

Notes:

1. If there is one or more instances of disrespect by the teacher toward students, the teacher should be scored a Level 1 for this standard.
2. Elementary school teachers more frequently will, and are sometimes required to have, expectations, rewards, and consequences posted visibly in the classroom. Whether or not these are visibly posted, it should be evident within the culture of the classroom that students understand and abide by a set of established expectations and are aware of the rewards and consequences of their actions.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.9:	Teacher is highly effective at setting high expectations for academic success.	Teacher is effective at setting high expectations for academic success.	Teacher needs improvement at setting high expectations for academic success.	Teacher is ineffective at setting high expectations for student success.
Set High Expectations for Academic Success	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Students participate in forming academic goals for themselves and analyzing their progress - Students demonstrate high academic expectations for themselves - Student comments and actions demonstrate that they are excited about their work and understand why it is important	- Teacher sets high expectations for students of all levels - Students are invested in their work and value academic success as evidenced by their effort and quality of their work - The classroom is a safe place to take on challenges and risk failure (students do not feel shy about asking questions or bad about answering incorrectly) - Teacher celebrates and praises academic work. - High quality work of all students is displayed in the classroom	- Teacher may set high expectations for some, but not others - Students are generally invested in their work, but may occasionally spend time off-task or give up when work is challenging - Some students may be afraid to take on challenges and risk failure (hesitant to ask for help when needed or give-up easily) - Teacher may praise the academic work of some, but not others - High quality work of a few, but not all students, may be displayed in the classroom	- Teacher rarely or never sets high expectations for students - Students may demonstrate disinterest or lack of investment in their work. For example, students might be unfocused, off-task, or refuse to attempt assignments - Students are generally afraid to take on challenges and risk failure due to frequently discouraging comments from the teacher or peers - Teacher rarely or never praises academic work or good behavior - High quality work is rarely or never displayed in the classroom

Note:
1. There are several ways for a teacher to demonstrate high expectations - through encouraging comments, higher-level questioning, appropriately rigorous assignments, expectations written and posted in the classroom, individual student work plans, etc.

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DOMAIN 3: Teacher Leadership

Teachers develop and sustain the intense energy and leadership within their school community to ensure the achievement of all students.

Competencies		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
3.1	**Contribute to School Culture**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally may:** - Seek out leadership roles - Go above and beyond in dedicating time for students and peers outside of class	**Teacher will:** - Contribute ideas and expertise to further the schools' mission and initiatives - Dedicate time efficiently, when needed, to helping students and peers outside of class	**Teacher will:** - Contribute occasional ideas and expertise to further the school's mission and initiatives **Teacher may *not*:** - Frequently dedicates time to help students and peers efficiently outside of class	Teacher rarely or never contributes ideas aimed at improving school efforts. Teacher dedicates little or no time outside of class towards helping students and peers.
3.2	**Collaborate with Peers**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally may:** - Go above and beyond in seeking out opportunities to collaborate - Coach peers through difficult situations - Take on leadership roles within collaborative groups such as Professional Learning Communities	**Teacher will:** - Seek out and participate in regular opportunities to work with and learn from others - Ask for assistance, when needed, and provide assistance to others in need	**Teacher will:** - Participate in occasional opportunities to work with and learn from others - Ask for assistance when needed **Teacher may *not:*** - Seek to provide other teachers with assistance when needed OR - Regularly seek out opportunities to work with others	Teacher rarely or never participates in opportunities to work with others. Teacher works in isolation and is not a team player.
3.3	**Seek Professional Skills and Knowledge**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally may:** - Regularly share newly learned knowledge and practices with others - Seek out opportunities to lead professional development sessions	**Teacher will:** - Actively pursue opportunities to improve knowledge and practice - Seek out ways to implement new practices into instruction, where applicable - Welcome constructive feedback to improve practices	**Teacher will:** - Attend all mandatory professional development opportunities **Teacher may *not:*** - Actively pursue optional professional development opportunities - Seek out ways to implement new practices into instruction - Accept constructive feedback well	Teacher rarely or never attends professional development opportunities. Teacher shows little or no interest in new ideas, programs, or classes to improve teaching and learning

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3.4	**Advocate for Student Success**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally may:** - Display commitment to the education of all the students in the school - Make changes and take risks to ensure student success	**Teacher will:** - Display commitment to the education of all his/her students - Attempt to remedy obstacles around student achievement - Advocate for students' individualized needs	**Teacher will:** - Display commitment to the education of all his/her students **Teacher may *not:*** - Advocate for students' needs	Teacher rarely or never displays commitment to the education of his/her students. Teacher accepts failure as par for the course and does not advocate for students' needs.
3.5	**Engage Families in Student Learning**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Strives to form relationships in which parents are given ample opportunity to participate in student learning - Is available to address concerns in a timely and positive manner, when necessary, outside of required outreach events	**Teacher will:** - Proactively reach out to parents in a variety of ways to engage them in student learning - Respond promptly to contact from parents - Engage in all forms of parent outreach required by the school	**Teacher will:** - Respond to contact from parents - Engage in all forms of parent outreach required by the school **Teacher may *not:*** - Proactively reach out to parents to engage them in student learning	Teacher rarely or never reaches out to parents and/or frequently does not respond to contacts from parents.

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Core Professionalism Rubric

These indicators illustrate the minimum competencies expected in any profession. These are separate from the other sections in the rubric because they have little to do with teaching and learning and more to do with basic employment practice. Teachers are expected to meet these standards. If they do not, it will affect their overall rating negatively.

Indicator		Does Not Meet Standard	Meets Standard
1	**Attendance**	Individual demonstrates a pattern of unexcused absences *	Individual has not demonstrated a pattern of unexcused absences*
2	**On-Time Arrival**	Individual demonstrates a pattern of unexcused late arrivals (late arrivals that are in violation of procedures set forth by local school policy and by the relevant collective bargaining agreement)	Individual has not demonstrated a pattern of unexcused late arrivals (late arrivals that are in violation of procedures set forth by local school policy and by the relevant collective bargaining agreement)
3	**Policies and Procedures**	Individual demonstrates a pattern of failing to follow state, corporation, and school policies and procedures (e.g. procedures for submitting discipline referrals, policies for appropriate attire, etc)	Individual demonstrates a pattern of following state, corporation, and school policies and procedures (e.g. procedures for submitting discipline referrals, policies for appropriate attire, etc)
4	**Respect**	Individual demonstrates a pattern of failing to interact with students, colleagues, parents/guardians, and community members in a respectful manner	Individual demonstrates a pattern of interacting with students, colleagues, parents/guardians, and community members in a respectful manner

* It should be left to the discretion of the corporation to define “unexcused absence” in this context

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RISE Evaluation and Development System

Indiana Department of Education

Indiana Teacher Effectiveness Rubric 2.0

This document contains no modifications from Version 1.0. It is labeled Version 2.0 to maintain labeling consistency across materials.

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DOMAIN 1: PURPOSEFUL PLANNING

Teachers use Indiana content area standards to develop a rigorous curriculum relevant for all students: building meaningful units of study, continuous assessments and a system for tracking student progress as well as plans for accommodations and changes in response to a lack of student progress.

Competencies		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
1.1	**Utilize Assessment Data to Plan**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Incorporates differentiated instructional strategies in planning to reach every student at his/her level of understanding	**Teacher uses prior assessment data to formulate:** - Achievement goals, unit plans, AND lesson plans	**Teacher uses prior assessment data to formulate:** - Achievement goals, unit plans, OR lesson plans, but not all of the above	Teacher rarely or never uses prior assessment data when planning.
1.2	**Set Ambitious and Measurable Achievement Goals**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Plans an ambitious annual student achievement goal	**Teacher develops an annual student achievement goal that is:** - Measurable; - Aligned to content standards; AND - Includes benchmarks to help monitor learning and inform interventions throughout the year	**Teacher develops an annual student achievement goal that is:** - Measurable **The goal may *not:*** - Align to content standards; OR - Include benchmarks to help monitor learning and inform interventions throughout the year	Teacher rarely or never develops achievement goals for the class OR goals are developed, but are extremely general and not helpful for planning purposes
1.3	**Develop Standards-Based Unit Plans and Assessments**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Creates well-designed unit assessments that align with an end of year summative assessment (either state, district, or teacher created) - Anticipates student reaction to content; allocation of time per unit is flexible and/or reflects level of difficulty of each unit	**Based on achievement goals, teacher plans units by:** - Identifying content standards that students will master in each unit -Creating assessments before each unit begins for backwards planning - Allocating an instructionally appropriate amount of time for each unit	**Based on achievement goals, teacher plans units by:** - Identifying content standards that students will master in each unit **Teacher may *not:*** -Create assessments before each unit begins for backwards planning - Allocate an instructionally appropriate amount of time for each unit	Teacher rarely or never plans units by identifying content standards that students will master in each unit OR there is little to no evidence that teacher plans units at all.

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1.4	**Create Objective-Driven Lesson Plans and Assessments**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Plans for a variety of differentiated instructional strategies, anticipating where these will be needed to enhance instruction - Incorporates a variety of informal assessments/checks for understanding as well as summative assessments where necessary and uses all assessments to directly inform instruction	**Based on unit plan, teacher plans daily lessons by:** - Identifying lesson objectives that are aligned to state content standards. - Matching instructional strategies as well as meaningful and relevant activities/assignments to the lesson objectives - Designing formative assessments that measure progress towards mastery and inform instruction	**Based on unit plan, teacher plans daily lessons by:** - Identifying lesson objectives that are aligned to state content standards - Matching instructional strategies and activities/assignments to the lesson objectives. **Teacher may *not:*** - Design assignments that are meaningful or relevant - Plan formative assessments to measure progress towards mastery or inform instruction.	Teacher rarely or never plans daily lessons OR daily lessons are planned, but are thrown together at the last minute, thus lacking meaningful objectives, instructional strategies, or assignments.
1.5	**Track Student Data and Analyze Progress**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Uses daily checks for understanding for additional data points - Updates tracking system daily - Uses data analysis of student progress to drive lesson planning for the following day	**Teacher uses an effective data tracking system for:** - Recording student assessment/ progress data - Analyzing student progress towards mastery and planning future lessons/units accordingly - Maintaining a grading system aligned to student learning goals	**Teacher uses an effective data tracking system for:** - Recording student assessment/ progress data - Maintaining a grading system **Teacher may *not:*** **-** Use data to analyze student progress towards mastery or to plan future lessons/units - Have grading system that appropriately aligns with student learning goals	Teacher rarely or never uses a data tracking system to record student assessment/progress data and/or has no discernable grading system

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DOMAIN 2: EFFECTIVE INSTRUCTION

Teachers facilitate student academic practice so that all students are participating and have the opportunity to gain mastery of the objectives in a classroom environment that fosters a climate of urgency and expectation around achievement, excellence and respect.

Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.1:	Teacher is highly effective at developing student understanding and mastery of lesson objectives	Teacher is effective at developing student understanding and mastery of lesson objectives	Teacher needs improvement at developing student understanding and mastery of lesson objectives	Teacher is ineffective at developing student understanding and mastery of lesson objectives
Develop student understanding and mastery of lesson objectives	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Students can explain what they are learning and why it is important, beyond repeating the stated objective - Teacher effectively engages prior knowledge of students in connecting to lesson. Students demonstrate through work or comments that they understand this connection	- Lesson objective is specific, measurable, and aligned to standards. It conveys what students are learning and what they will be able to do by the end of the lesson - Objective is written in a student-friendly manner and/or explained to students in easy- to- understand terms - Importance of the objective is explained so that students understand why they are learning what they are learning - Lesson builds on students' prior knowledge of key concepts and skills and makes this connection evident to students - Lesson is well-organized to move students towards mastery of the objective	- Lesson objective conveys what students are learning and what they will be able to do by the end of the lesson, but may not be aligned to standards or measurable - Objective is stated, but not in a student-friendly manner that leads to understanding - Teacher attempts explanation of importance of objective, but students fail to understand - Lesson generally does not build on prior knowledge of students or students fail to make this connection - Organization of the lesson may not always be connected to mastery of the objective	- Lesson objective is missing more than one component. It may not be clear about what students are learning or will be able to do by the end of the lesson. - There may not be a clear connection between the objective and lesson, or teacher may fail to make this connection for students. - Teacher may fail to discuss importance of objective or there may not be a clear understanding amongst students as to why the objective is important. - There may be no effort to connect objective to prior knowledge of students - Lesson is disorganized and does not lead to mastery of objective.

Notes:

1. One way in which an observer could effectively gather information to score this standard is through brief conversations with students (when appropriate).
2. In some situations, it may not be appropriate to state the objective for the lesson (multiple objectives for various "centers", early-childhood inquiry-based lesson, etc). In these situations, the observer should assess whether or not students are engaged in activities that will lead them towards mastery of an objective, even if it is not stated.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.2:	Teacher is highly effective at demonstrating and clearly communicating content knowledge to students	Teacher is effective at demonstrating and clearly communicating content knowledge to students	Teacher needs improvement at demonstrating and clearly communicating content knowledge to students	Teacher is ineffective at demonstrating and clearly communicating content knowledge to students
Demonstrate and Clearly Communicate Content Knowledge to Students	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Teacher fully explains concepts in as direct and efficient a manner as possible, while still achieving student understanding - Teacher effectively connects content to other content areas, students' experiences and interests, or current events in order to make content relevant and build interest - Explanations spark student excitement and interest in the content - Students participate in each others' learning of content through collaboration during the lesson - Students ask higher-order questions and make connections independently, demonstrating that they understand the content at a higher level	- Teacher demonstrates content knowledge and delivers content that is factually correct - Content is clear, concise and well-organized - Teacher restates and rephrases instruction in multiple ways to increase understanding - Teacher emphasizes key points or main ideas in content - Teacher uses developmentally appropriate language and explanations - Teacher implements relevant instructional strategies learned via professional development	-Teacher delivers content that is factually correct - Content occasionally lacks clarity and is not as well organized as it could be - Teacher may fail to restate or rephrase instruction in multiple ways to increase understanding - Teacher does not adequately emphasize main ideas, and students are sometimes confused about key takeaways - Explanations sometimes lack developmentally appropriate language - Teacher does not always implement new and improved instructional strategies learned via professional development	- Teacher may deliver content that is factually incorrect - Explanations may be unclear or incoherent and fail to build student understanding of key concepts - Teacher continues with planned instruction, even when it is obvious that students are not understanding content - Teacher does not emphasize main ideas, and students are often confused about content - Teacher fails to use developmentally appropriate language - Teacher does not implement new and improved instructional strategies learned via professional development

Notes:

1. Content may be communicated by either direct instruction or guided inquiry depending on the context of the classroom or lesson.
2. If the teacher presents information with any mistake that would leave students with a significant misunderstanding at the end of the lesson, the teacher should be scored a Level 1 for this competency.
3. Instructional strategies learned via professional development may include information learned during instructional coaching sessions as well as mandatory or optional school or district-wide PD sessions.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.3:	Teacher is highly effective at engaging students in academic content	Teacher is effective at engaging students in academic content	Teacher needs improvement at engaging students in academic content	Teacher is ineffective at engaging students in academic content
Engage students in academic content	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Teacher provides ways to engage with content that significantly promotes student mastery of the objective - Teacher provides differentiated ways of engaging with content specific to individual student needs - The lesson progresses at an appropriate pace so that students are never disengaged, and students who finish early have something else meaningful to do - Teacher effectively integrates technology as a tool to engage students in academic content	-3/4 or more of students are actively engaged in content at all times and not off-task - Teacher provides multiple ways, as appropriate, of engaging with content, all aligned to the lesson objective - Ways of engaging with content reflect different learning modalities or intelligences - Teacher adjusts lesson accordingly to accommodate for student prerequisite skills and knowledge so that all students are engaged - ELL and IEP students have the appropriate accommodations to be engaged in content - Students work hard and are deeply active rather than passive/receptive (See Notes below for specific evidence of engagement)	- Fewer than 3/4 of students are engaged in content and many are off-task - Teacher may provide multiple ways of engaging students, but perhaps not aligned to lesson objective or mastery of content - Teacher may miss opportunities to provide ways of differentiating content for student engagement - Some students may not have the prerequisite skills necessary to fully engage in content and teacher's attempt to modify instruction for these students is limited or not always effective - ELL and IEP students are sometimes given appropriate accommodations to be engaged in content - Students may appear to actively listen, but when it comes time for participation are disinterested in engaging	- Fewer than 1/2 of students are engaged in content and many are off-task - Teacher may only provide one way of engaging with content OR teacher may provide multiple ways of engaging students that are not aligned to the lesson objective or mastery of content - Teacher does not differentiate instruction to target different learning modalities - Most students do not have the prerequisite skills necessary to fully engage in content and teacher makes no effort to adjust instruction for these students - ELL and IEP students are not provided with the necessary accommodations to engage in content - Students do not actively listen and are overtly disinterested in engaging.

Notes:

1. The most important indicator of success here is that students are actively engaged in the content. For a teacher to receive credit for providing students a way of engaging with content, students must be engaged in that part of the lesson.
2. Some observable evidence of engagement may include (but is not limited to): (a) raising of hands to ask and answer questions as well as to share ideas; (b) active listening (not off-task) during lesson; or (c) active participation in hands-on tasks/activities.
3. Teachers may provide multiple ways of engaging with content via different learning modalities (auditory, visual, kinesthetic/tactile) or via multiple intelligences (spatial, linguistic, musical, interpersonal, logical-mathematical, etc). It may also be effective to engage students via two or more strategies targeting the same modality.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.4: **Check for Understanding**	Teacher is highly effective at checking for understanding	Teacher is effective at checking for understanding	Teacher needs improvement at checking for understanding	Teacher is ineffective at checking for understanding
	For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following: - Teacher checks for understanding at higher levels by asking pertinent, scaffold questions that push thinking; accepts only high quality student responses (those that reveal understanding or lack thereof) - Teacher uses open-ended questions to surface common misunderstandings and assess student mastery of material at a range of both lower and higher-order thinking	- Teacher checks for understanding at almost all key moments (when checking is necessary to inform instruction going forward) - Teacher uses a variety of methods to check for understanding that are successful in capturing an accurate “pulse” of the class’s understanding - Teacher uses wait time effectively both after posing a question and before helping students think through a response - Teacher doesn’t allow students to “opt-out” of checks for understanding and cycles back to these students - Teacher systematically assesses every student’s mastery of the objective(s) at the end of each lesson through formal or informal assessments (see note for examples)	- Teacher sometimes checks for understanding of content, but misses several key moments - Teacher may use more than one type of check for understanding, but is often unsuccessful in capturing an accurate “pulse” of the class’s understanding - Teacher may not provide enough wait time after posing a question for students to think and respond before helping with an answer or moving forward with content - Teacher sometimes allows students to "opt-out" of checks for understanding without cycling back to these students - Teacher may occasionally assess student mastery at the end of the lesson through formal or informal assessments.	- Teacher rarely or never checks for understanding of content, or misses nearly all key moments -Teacher does not check for understanding, or uses only one ineffective method repetitively to do so, thus rarely capturing an accurate "pulse" of the class's understanding - Teacher frequently moves on with content before students have a chance to respond to questions or frequently gives students the answer rather than helping them think through the answer. - Teacher frequently allows students to "opt-out" of checks for understanding and does not cycle back to these students - Teacher rarely or never assesses for mastery at the end of the lesson

Notes:

1. Examples of times when checking for understanding may be useful are: before moving on to the next step of the lesson, or partway through independent practice.
2. Examples of how the teacher may assess student understanding and mastery of objectives:

• Checks for Understanding: thumbs up/down, cold-calling

• Do Nows, Turn and Talk/ Pair Share, Guided or Independent Practice, Exit Slips

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.5: **Modify Instruction As Needed**	Teacher is highly effective at modifying instruction as needed	Teacher is effective at modifying instruction as needed	Teacher needs improvement at modifying instruction as needed	Teacher is ineffective at modifying instruction as needed
	For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following: - Teacher anticipates student misunderstandings and preemptively addresses them - Teacher is able to modify instruction to respond to misunderstandings without taking away from the flow of the lesson or losing engagement	- Teacher makes adjustments to instruction based on checks for understanding that lead to increased understanding for most students - Teacher responds to misunderstandings with effective scaffolding techniques - Teacher doesn't give up, but continues to try to address misunderstanding with different techniques if the first try is not successful	- Teacher may attempt to make adjustments to instruction based on checks for understanding, but these attempts may be misguided and may not increase understanding for all students - Teacher may primarily respond to misunderstandings by using teacher-driven scaffolding techniques (for example, re-explaining a concept), when student-driven techniques could have been more effective - Teacher may persist in using a particular technique for responding to a misunderstanding, even when it is not succeeding	- Teacher rarely or never attempts to adjust instruction based on checks for understanding, and any attempts at doing so frequently fail to increase understanding for students - Teacher only responds to misunderstandings by using teacher-driven scaffolding techniques - Teacher repeatedly uses the same technique to respond to misunderstandings, even when it is not succeeding

Notes:

1. In order to be effective at this competency, a teacher must have at least scored a 3 on competency 2.4 - in order to modify instruction as needed, one must first know how to check for understanding.
2. A teacher can respond to misunderstandings using "scaffolding" techniques such as: activating background knowledge, asking leading questions, breaking the task into small parts, using mnemonic devices or analogies, using manipulatives or hands-on models, using "think alouds", providing visual cues, etc.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.6:	Teacher is highly effective at developing a higher level of understanding through rigorous instruction and work	Teacher is effective at developing a higher level of understanding through rigorous instruction and work	Teacher needs improvement at developing a higher level of understanding through rigorous instruction and work	Teacher is ineffective at developing a higher level of understanding through rigorous instruction and work
Develop Higher Level of Understanding through Rigorous Instruction and Work	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Lesson is accessible and challenging to all students - Students are able to answer higher-level questions with meaningful responses - Students pose higher-level questions to the teacher and to each other - Teacher highlights examples of recent student work that meets high expectations; Insists and motivates students to do it again if not great - Teacher encourages students' interest in learning by providing students with additional opportunities to apply and build skills beyond expected lesson elements (e.g. extra credit or enrichment assignments)	- Lesson is accessible and challenging to almost all students - Teacher frequently develops higher-level understanding through effective questioning - Lesson pushes almost all students forward due to differentiation of instruction based on each student's level of understanding - Students have opportunities to meaningfully practice, apply, and demonstrate that they are learning - Teacher shows patience and helps students to work hard toward mastering the objective and to persist even when faced with difficult tasks	- Lesson is not always accessible or challenging for students - Some questions used may not be effective in developing higher-level understanding (too complex or confusing) - Lesson pushes some students forward, but misses other students due to lack of differentiation based on students' level of understanding - While students may have some opportunity to meaningfully practice and apply concepts, instruction is more teacher-directed than appropriate - Teacher may encourage students to work hard, but may not persist in efforts to have students keep trying	- Lesson is not aligned with developmental level of students (may be too challenging or too easy) - Teacher may not use questioning as an effective tool to increase understanding. Students only show a surface understanding of concepts. - Lesson rarely pushes any students forward. Teacher does not differentiate instruction based on students' level of understanding. - Lesson is almost always teacher directed. Students have few opportunities to meaningfully practice or apply concepts. - Teacher gives up on students easily and does not encourage them to persist through difficult tasks

Notes:

1. Examples of types of questions that can develop higher-level understanding:
   - Activating higher levels of inquiry on Bloom's taxonomy (using words such as "analyze", "classify", "compare", "decide", "evaluate", "explain", or "represent")
   - Asking students to explain their reasoning
   - Asking students to explain why they are learning something or to summarize the main idea
   - Asking students to apply a new skill or concept in a different context
   - Posing a question that increases the rigor of the lesson content
   - Prompting students to make connections to previous material or prior knowledge
2. Higher-level questioning should result in higher-level student understanding. If it does not, credit should not be given.
3. Challenging tasks rather than questions may be used to create a higher-level of understanding, and if successful, should be credited in this competency
4. The frequency with which a teacher should use questions to develop higher-level understanding will vary depending on the topic and type of lesson.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.7: **Maximize Instructional Time**	Teacher is highly effective at maximizing instructional time	Teacher is effective at maximizing instructional time	Teacher needs improvement at maximizing instructional time	Teacher is ineffective at maximizing instructional time
	For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following: - Routines, transitions, and procedures are well-executed. Students know what they are supposed to be doing and when without prompting from the teacher - Students are always engaged in meaningful work while waiting for the teacher (for example, during attendance) - Students share responsibility for operations and routines and work well together to accomplish these tasks - All students are on-task and follow instructions of teacher without much prompting - Disruptive behaviors and off-task conversations are rare; When they occur, they are always addressed without major interruption to the lesson	- Students arrive on-time and are aware of the consequences of arriving late (unexcused) - Class starts on-time - Routines, transitions, and procedures are well-executed. Students know what they are supposed to be doing and when with minimal prompting from the teacher - Students are only ever not engaged in meaningful work for brief periods of time (for example, during attendance) - Teacher delegates time between parts of the lesson appropriately so as best to lead students towards mastery of objective - Almost all students are on-task and follow instructions of teacher without much prompting - Disruptive behaviors and off-task conversations are rare; When they occur, they are almost always addressed without major interruption to the lesson.	- Some students consistently arrive late (unexcused) for class without consequences - Class may consistently start a few minutes late - Routines, transitions, and procedures are in place, but require significant teacher direction or prompting to be followed - There is more than a brief period of time when students are left without meaningful work to keep them engaged - Teacher may delegate lesson time inappropriately between parts of the lesson - Significant prompting from the teacher is necessary for students to follow instructions and remain on-task - Disruptive behaviors and off-task conversations sometimes occur; they may not be addressed in the most effective manner and teacher may have to stop the lesson frequently to address the problem.	- Students may frequently arrive late (unexcused) for class without consequences - Teacher may frequently start class late. - There are few or no evident routines or procedures in place. Students are unclear about what they should be doing and require significant direction from the teacher at all times - There are significant periods of time in which students are not engaged in meaningful work - Teacher wastes significant time between parts of the lesson due to classroom management. - Even with significant prompting, students frequently do not follow directions and are off-task - Disruptive behaviors and off-task conversations are common and frequently cause the teacher to have to make adjustments to the lesson.

Notes:

1. The overall indicator of success here is that operationally, the classroom runs smoothly so that time can be spent on valuable instruction rather than logistics and discipline.
2. It should be understood that a teacher can have disruptive students no matter how effective he/she may be. However, an effective teacher should be able to minimize disruptions amongst these students and when they do occur, handle them without detriment to the learning of other students.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.8:	Teacher is highly effective at creating a classroom culture of respect and collaboration	Teacher is effective at creating a classroom culture of respect and collaboration	Teacher needs improvement at creating a classroom culture of respect and collaboration	Teacher is ineffective at creating a classroom culture of respect and collaboration
Create Classroom Culture of Respect and Collaboration	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Students are invested in the academic success of their peers as evidenced by unprompted collaboration and assistance - Students reinforce positive character and behavior and discourage negative behavior amongst themselves	- Students are respectful of their teacher and peers - Students are given opportunities to collaborate and support each other in the learning process - Teacher reinforces positive character and behavior and uses consequences appropriately to discourage negative behavior - Teacher has a good rapport with students, and shows genuine interest in their thoughts and opinions	- Students are generally respectful of their teacher and peers, but may occasionally act out or need to be reminded of classroom norms - Students are given opportunities to collaborate, but may not always be supportive of each other or may need significant assistance from the teacher to work together - Teacher may praise positive behavior OR enforce consequences for negative behavior, but not both - Teacher may focus on the behavior of a few students, while ignoring the behavior (positive or negative) of others	- Students are frequently disrespectful of teacher or peers as evidenced by discouraging remarks or disruptive behavior - Students are not given many opportunities to collaborate OR during these times do not work well together even with teacher intervention - Teacher rarely or never praises positive behavior - Teacher rarely or never addresses negative behavior

Notes:

1. If there is one or more instances of disrespect by the teacher toward students, the teacher should be scored a Level 1 for this standard.
2. Elementary school teachers more frequently will, and are sometimes required to have, expectations, rewards, and consequences posted visibly in the classroom. Whether or not these are visibly posted, it should be evident within the culture of the classroom that students understand and abide by a set of established expectations and are aware of the rewards and consequences of their actions.

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Competency	Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
Competency 2.9:	Teacher is highly effective at setting high expectations for academic success.	Teacher is effective at setting high expectations for academic success.	Teacher needs improvement at setting high expectations for academic success.	Teacher is ineffective at setting high expectations for student success.
Set High Expectations for Academic Success	*For Level 4, much of the Level 3 evidence is observed during the year, as well as some of the following:* - Students participate in forming academic goals for themselves and analyzing their progress - Students demonstrate high academic expectations for themselves - Student comments and actions demonstrate that they are excited about their work and understand why it is important	- Teacher sets high expectations for students of all levels - Students are invested in their work and value academic success as evidenced by their effort and quality of their work - The classroom is a safe place to take on challenges and risk failure (students do not feel shy about asking questions or bad about answering incorrectly) - Teacher celebrates and praises academic work. - High quality work of all students is displayed in the classroom	- Teacher may set high expectations for some, but not others - Students are generally invested in their work, but may occasionally spend time off-task or give up when work is challenging - Some students may be afraid to take on challenges and risk failure (hesitant to ask for help when needed or give-up easily) - Teacher may praise the academic work of some, but not others - High quality work of a few, but not all students, may be displayed in the classroom	- Teacher rarely or never sets high expectations for students - Students may demonstrate disinterest or lack of investment in their work. For example, students might be unfocused, off-task, or refuse to attempt assignments - Students are generally afraid to take on challenges and risk failure due to frequently discouraging comments from the teacher or peers - Teacher rarely or never praises academic work or good behavior - High quality work is rarely or never displayed in the classroom

Note:
1. There are several ways for a teacher to demonstrate high expectations - through encouraging comments, higher-level questioning, appropriately rigorous assignments, expectations written and posted in the classroom, individual student work plans, etc.

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DOMAIN 3: Teacher Leadership

Teachers develop and sustain the intense energy and leadership within their school community to ensure the achievement of all students.

Competencies		Highly Effective (4)	Effective (3)	Improvement Necessary (2)	Ineffective (1)
3.1	**Contribute to School Culture**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally may:** - Seek out leadership roles - Go above and beyond in dedicating time for students and peers outside of class	**Teacher will:** - Contribute ideas and expertise to further the schools' mission and initiatives - Dedicate time efficiently, when needed, to helping students and peers outside of class	**Teacher will:** - Contribute occasional ideas and expertise to further the school's mission and initiatives **Teacher may *not*:** - Frequently dedicates time to help students and peers efficiently outside of class	Teacher rarely or never contributes ideas aimed at improving school efforts. Teacher dedicates little or no time outside of class towards helping students and peers.
3.2	**Collaborate with Peers**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally may:** - Go above and beyond in seeking out opportunities to collaborate - Coach peers through difficult situations - Take on leadership roles within collaborative groups such as Professional Learning Communities	**Teacher will:** - Seek out and participate in regular opportunities to work with and learn from others - Ask for assistance, when needed, and provide assistance to others in need	**Teacher will:** - Participate in occasional opportunities to work with and learn from others - Ask for assistance when needed **Teacher may *not:*** - Seek to provide other teachers with assistance when needed OR - Regularly seek out opportunities to work with others	Teacher rarely or never participates in opportunities to work with others. Teacher works in isolation and is not a team player.
3.3	**Seek Professional Skills and Knowledge**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally may:** - Regularly share newly learned knowledge and practices with others - Seek out opportunities to lead professional development sessions	**Teacher will:** - Actively pursue opportunities to improve knowledge and practice - Seek out ways to implement new practices into instruction, where applicable - Welcome constructive feedback to improve practices	**Teacher will:** - Attend all mandatory professional development opportunities **Teacher may *not:*** - Actively pursue optional professional development opportunities - Seek out ways to implement new practices into instruction - Accept constructive feedback well	Teacher rarely or never attends professional development opportunities. Teacher shows little or no interest in new ideas, programs, or classes to improve teaching and learning

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3.4	**Advocate for Student Success**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally may:** - Display commitment to the education of all the students in the school - Make changes and take risks to ensure student success	**Teacher will:** - Display commitment to the education of all his/her students - Attempt to remedy obstacles around student achievement - Advocate for students' individualized needs	**Teacher will:** - Display commitment to the education of all his/her students **Teacher may *not:*** - Advocate for students' needs	Teacher rarely or never displays commitment to the education of his/her students. Teacher accepts failure as par for the course and does not advocate for students' needs.
3.5	**Engage Families in Student Learning**	**At Level 4, a teacher fulfills the criteria for Level 3 and additionally:** - Strives to form relationships in which parents are given ample opportunity to participate in student learning - Is available to address concerns in a timely and positive manner, when necessary, outside of required outreach events	**Teacher will:** - Proactively reach out to parents in a variety of ways to engage them in student learning - Respond promptly to contact from parents - Engage in all forms of parent outreach required by the school	**Teacher will:** - Respond to contact from parents - Engage in all forms of parent outreach required by the school **Teacher may *not:*** - Proactively reach out to parents to engage them in student learning	Teacher rarely or never reaches out to parents and/or frequently does not respond to contacts from parents.

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Core Professionalism Rubric

These indicators illustrate the minimum competencies expected in any profession. These are separate from the other sections in the rubric because they have little to do with teaching and learning and more to do with basic employment practice. Teachers are expected to meet these standards. If they do not, it will affect their overall rating negatively.

Indicator		Does Not Meet Standard	Meets Standard
1	**Attendance**	Individual demonstrates a pattern of unexcused absences *	Individual has not demonstrated a pattern of unexcused absences*
2	**On-Time Arrival**	Individual demonstrates a pattern of unexcused late arrivals (late arrivals that are in violation of procedures set forth by local school policy and by the relevant collective bargaining agreement)	Individual has not demonstrated a pattern of unexcused late arrivals (late arrivals that are in violation of procedures set forth by local school policy and by the relevant collective bargaining agreement)
3	**Policies and Procedures**	Individual demonstrates a pattern of failing to follow state, corporation, and school policies and procedures (e.g. procedures for submitting discipline referrals, policies for appropriate attire, etc)	Individual demonstrates a pattern of following state, corporation, and school policies and procedures (e.g. procedures for submitting discipline referrals, policies for appropriate attire, etc)
4	**Respect**	Individual demonstrates a pattern of failing to interact with students, colleagues, parents/guardians, and community members in a respectful manner	Individual demonstrates a pattern of interacting with students, colleagues, parents/guardians, and community members in a respectful manner

* It should be left to the discretion of the corporation to define “unexcused absence” in this context

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ATTACHMENT 20 –FACILITY

GENERAL DEMOLITION NOTES

1. ALL WORK TO CONFORM TO ALL APPLICABLE LOCAL, STATE, AND NATIONAL CODES.
2. CONTRACTOR TO REMOVE ALL DEBRIS AS A RESULT OF THIS PROJECT.
3. CONTRACTOR TO PROTECT EXISTING BUILDING DURING DEMOLITION OF EXISTING CONDITIONS.
4. CONTRACTOR SHALL COORDINATE WITH OWNER FOR SECURITY MEASURES TO BE TAKEN DURING DEMOLITION AND RENOVATION.
5. CONTRACTOR TO PROTECT EXISTING FACILITIES, EQUIPMENT, FIXTURES, ETC. THAT ARE TO REMAIN FROM DAMAGE DURING THE COURSE OF DEMOLITION AND RENOVATION.
6. CONTRACTOR TO REVIEW AND BECOME FAMILIAR WITH ALL EXISTING CONDITIONS PRIOR TO COMMENCING WORK. ANY CONDITIONS NOT DOCUMENTED ON THESE DRAWINGS OR OBSERVED TO BE DIFFERENT THAN THOSE SHOWN ON THE DRAWINGS ARE TO BE REPORTED TO THE ARCHITECT AND OWNER PRIOR TO BEGINNING WORK.
7. ALL DAMAGED SURFACES AND/OR FINISHES AS A RESULT OF THE WORK SHALL BE REPAIRED AND FINISHED TO THEIR ORIGINAL CONDITION BY THE CONTRACTOR.
8. DEMOLITION OF EXISTING WALLS AND/OR STRUCTURES (INDICATED ON THE DEMOLITION PLANS BY DASHED LINES) MAY REQUIRE THE REMOVAL OF ELECTRICAL, HVAC, PLUMBING, ETC. EQUIPMENT. DEMOLITION IS MEANT TO INCLUDE REMOVAL OF ALL SUCH EQUIPMENT WHETHER KNOWN OR UNKNOWN.
9. CONTRACTOR TO CONTACT LOCAL UTILITIES IF NECESSARY, SUBMIT ALL APPLICABLE PERMIT DOCUMENTS AND BE RESPONSIBLE FOR ALL FEES ASSOCIATED WITH ALL WORK.
10. COORDINATE W/ ALL MECHANICAL, & ELECTRICAL DRAWINGS.

CODED DEMOLITION NOTES

(1) REMOVE INTERIOR PARTITION & BASE, PATCH CONC. SLAB OR FLOORING WHERE NECESSARY.

(2) REMOVE DOOR & FRAME.

(3) REMOVE A.C.T., GRID & SUPPORTING STRUCTURE.

(4) REMOVE EXISTING FLOORING & BASE TO EXIST. CONC. FLOOR. REMOVE ALL ADHESIVES & PREPARE FLOOR TO RECEIVE NEW FLOORING.

(5) REMOVE PLUMBING FIXTURES, SEE PLUMBING DRAWINGS.

(6) REMOVE EXISTING AUTOMATIC ALUMINUM DOORS.

(7) REMOVE COOLER.

WALL TYPES

(A) ONE LAYER OF 5/8" TYPE X GYPSUM WALLBOARD ON EACH SIDE OF 3 5/8" 20 GA. METAL STUDS @ 24" O.C. STAGGER ALL VERTICAL & HORIZONTAL JOINTS 24" O.C. EACH SIDE. EXTEND TO FLOOR AND BOTTOM OF DECK ABOVE. SOUND INSULATION BATTS FOR ALL HEIGHT OF WALL. NOMINAL THICKNESS = 5", ACTUAL THICKNESS 4 7/8". 1 HR. FIRE RATING, UL® - U465 & UL SYSTEM HW-D-0606.

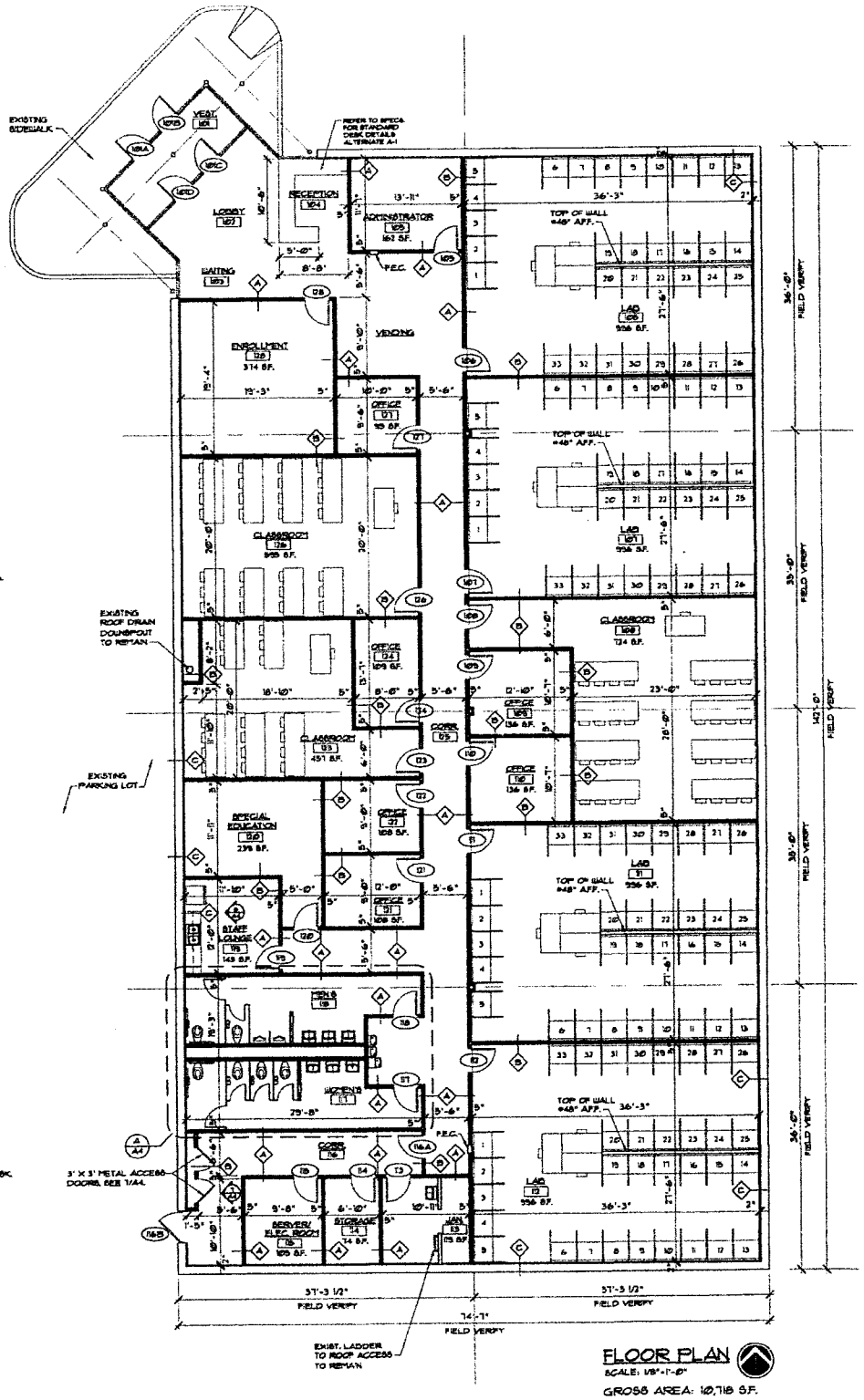
(B) ONE LAYER OF 5/8" GYPSUM WALLBOARD ON EACH SIDE OF 3 5/8" 20 GA. METAL STUDS @ 24" O.C. STAGGER ALL VERTICAL & HORIZONTAL JOINTS @ 24" O.C. EXTEND GYP. BD. & FRAMING TO 6" ABOVE CEILING. SOUND INSULATION BATTS FOR FULL HEIGHT OF WALL. NOMINAL THICKNESS = 5", ACTUAL THICKNESS = 4 7/8" NOTE: EXTEND WALLS AROUND TOILET ROOMS TO BOTTOM OF DECK ABOVE.

(C) ONE LAYER OF 5/8" GYPSUM WALLBOARD ON 1 1/2" METAL FURRING ON EXISTING MASONRY WALL @ 24" O.C. STAGGER ALL VERTICAL & HORIZONTAL JOINTS 24" O.C. METAL FURRING TO BE INSTALLED VERTICALLY EXTEND TO FLOOR AND 6" ABOVE FINISHED CEILING.

(D) ONE LAYER OF 5/8" TYPE X GYPSUM WALLBOARD ON EACH SIDE OF 6" 20 GA. METAL STUDS @ 24" O.C. STAGGER ALL VERTICAL & HORIZONTAL JOINTS 24" O.C. EACH SIDE. EXTEND TO FLOOR AND BOTTOM OF DECK ABOVE. SOUND INSULATION BATTS FOR FULL HEIGHT OF WALL.

NOTES:

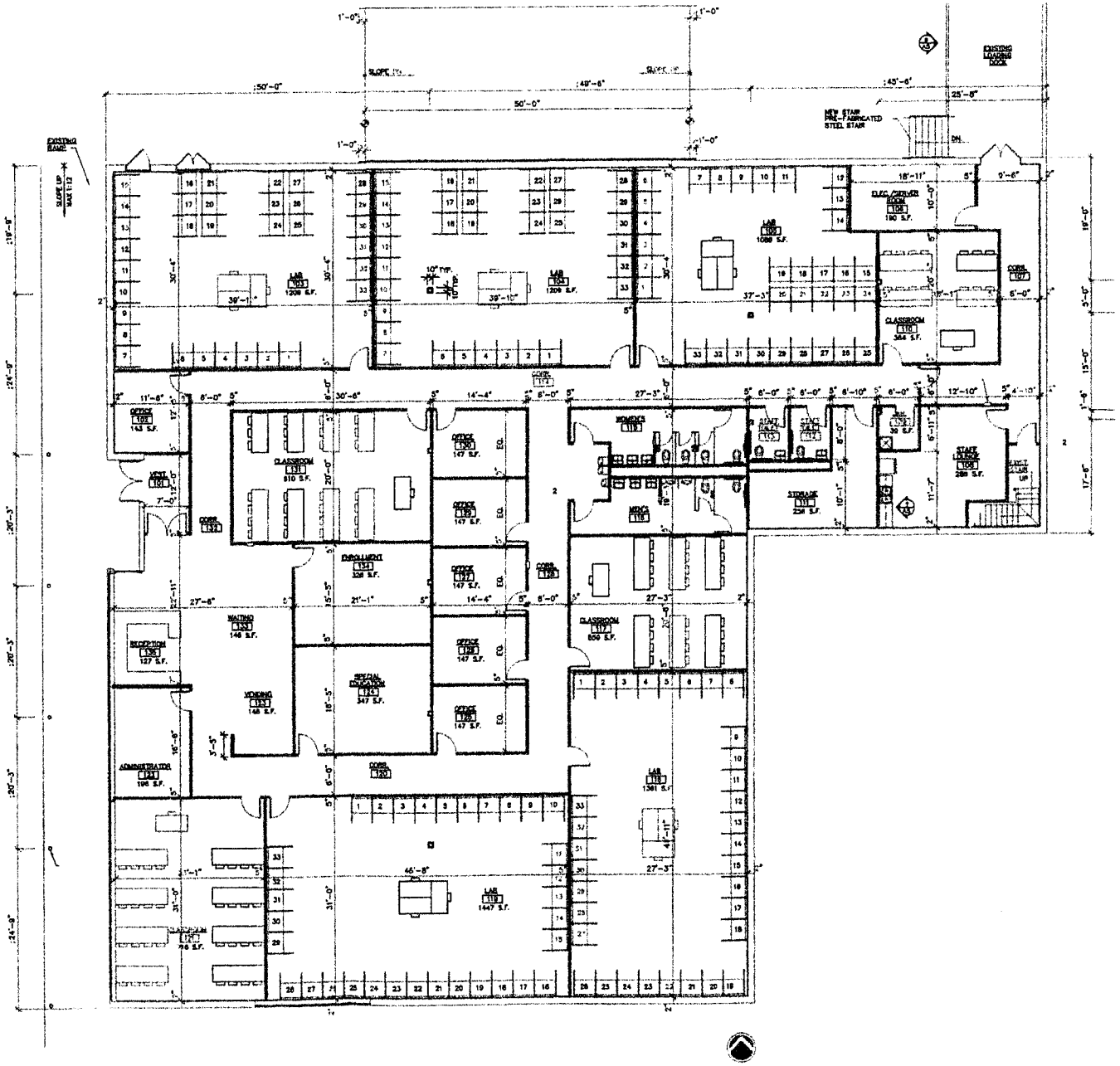
1. PROVIDE PORTABLE FIRE EXTINGUISHERS IN ACCORDANCE WITH NFPA10.
2. ALL FURNITURE N.I.C. FOR REFERENCE ONLY. EXCEPT FOR RECEPTION DESK.
3. BOTTOM OF EXISTING ROOF DECK @ = @'-0"
   BOTTOM OF EXISTING STEEL JOISTS @ = @'-3"



FLOOR PLAN

SCALE: 1/8"=1'-0"

GROSS AREA: 10,718 S.F.


NEW STAIR
PRE-FABRICATED
STEEL STAIR
EXISTING
LOADING
DOCK
EXISTING
RAMP
SLOPE UP
MAX 1:12
LAB
1209 S.F.
LAB
1209 S.F.
LAB
1088 S.F.
ELEC. / SERVER
ROOM
190 S.F.
CLASSROOM
364 S.F.
CORR.
107
OFFICE
143 S.F.
CLASSROOM
810 S.F.
OFFICE
147 S.F.
OFFICE
147 S.F.
OFFICE
147 S.F.
OFFICE
147 S.F.
OFFICE
147 S.F.
MEN'S
MEN'S
STAFF
LOUNGE
289 S.F.
STORAGE
254 S.F.
ENROLLMENT
338 S.F.
CORR.
139
CLASSROOM
850 S.F.
WAITING
148 S.F.
RECEPTION
127 S.F.
SPECIAL
EDUCATION
347 S.F.
WORKING
148 S.F.
ADMINISTRATOR
196 S.F.
CORR.
130
LAB
1361 S.F.
LAB
1447 S.F.
CLASSROOM
716 S.F.
50'-0"
49'-6"
145'-6"
25'-8"
GROSS AREA: 15,528 S.F.

or more information, call:
rett Burch at (317) 273-0312 ext. 24

Valenti
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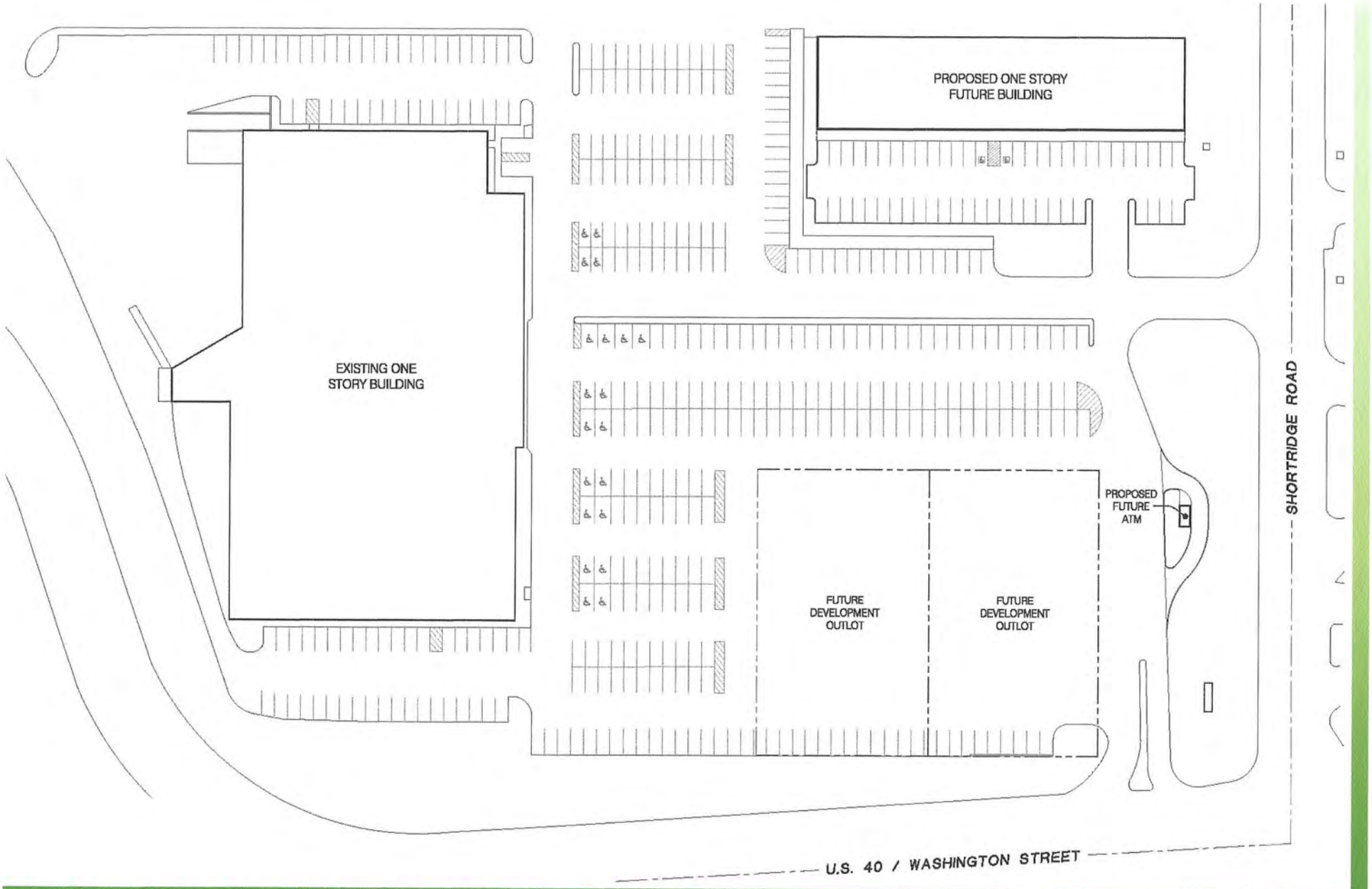

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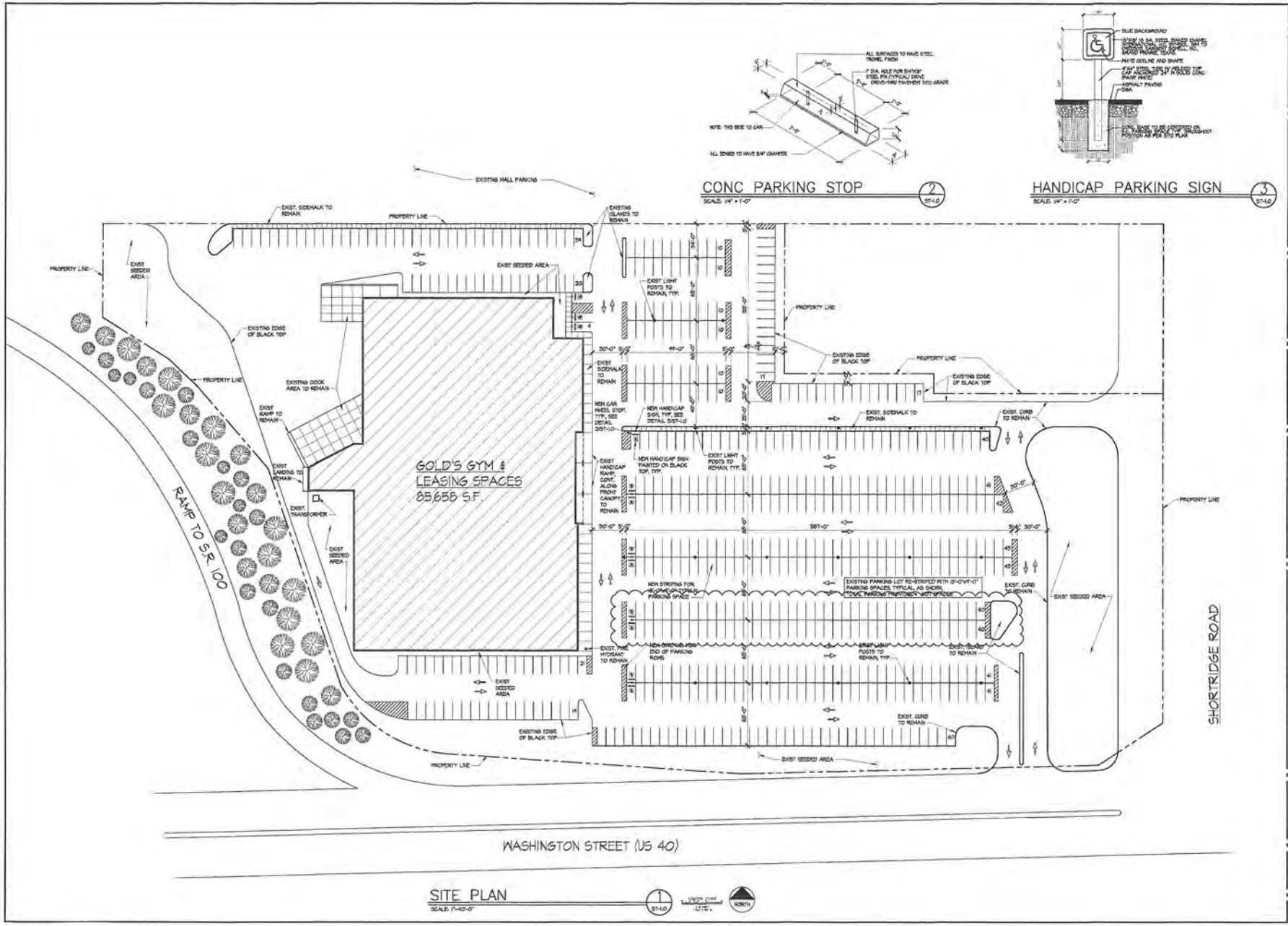

GOLD'S GYM

DATE

SITE PLAN

ST—

Fusion Ed High School
2019 Detailed Start – Up Expansion Timeline

Listed below is the timeline and schedule to open the Indianapolis, Indiana Fusion Ed High School (FEHS) in the fall of 2019. The schedule supports the goals and objectives listed below for a successful school start. FEHS has one goal and five objectives to assure success:

Goal: To effectively open a dropout recovery and prevention career technical focused high performing high school in Indianapolis in the fall of 2019.

Objectives:

1. Provide legal and accounting start-up resources for FEHS
    - July 2018. Contract experienced professions. Hire legal and accounting firms. Begin consultations with legal to file articles and begin 501c3 application process.
    - July 2018 – January - 2019. Begin working with accounting team on expansion costs and consult with audit firm for first year's audit needs upon approval.

2. Community engagement, HR effort and marketing development begins – Recruitment and marketing efforts to attract principal and teachers begin.
    - September – December 2018. Proposals and bids received. Interviews held.
    - December 2018. Marketing firm begins campaign

3. Provide for facility lease and start-up materials including equipment, technology, supplies, curriculum, etc.
    - June – August 2018. Site search continues.
    - September – December 2018. Site is determined and lease is secured.
    - December 2018 – January 2019. Student enrollment and staff recruitment location is development for use.
    - December 2018 - Develop project plan and timeline for technology installation.
    - January 2019 - Buildout begins.
    - February 2019 - Install infrastructure technology. Wiring, servers, and build-out begins.
    - June 2019. Any remaining building out is complete.

4. Recruit, hire, and train teachers, staff and building Principal.
    - December 2018. Recruiting begins for teachers and leader.
    - January 2019. Principal Fellow begins
    - January – February – Principal Fellow works in Ohio schools.
    - March 2019. Fellow begins work as Principal in Indiana.
    - July 2019. Teachers and leaders begin work.

5. Student recruitment efforts to attract and enroll up to 130 students – year 1.
    - November 2018-July 2019. Build community awareness. Implement outreach campaign.
    - December 2018- March 2019. Marketing materials are distributed with FE leadership continued community meetings.
    - March - July 2019. Implement marketing campaign and recruit students under Principal leadership.

Anticipated outputs

1. Legal and accounting start-up services provided to schools. (Supports Objective 1).
- Marketing firm secured and trained to recruit teachers and building leader (supports Objective 2).
- Site secured (supports Objective 3).
- FEHS lease is secured and is fully equipped with furniture, technology, and supplies for the first day of classes (supports Objective 3).
- Highly qualified teacher and leader hired and trained (Principal Fellow and staff (supports Objective 4).
- Up to 130 students enrolled in FEHS (supports Objective 5).

OBJECTIVE 1: Provide legal and accounting start-up resources for new school

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
Hire legal and accounting team. FE consult with accounting and legal teams on costs for expansion	Get referrals for teams. Meet with teams. Meeting with accounting and legal teams. Agreements secured	7/2018-8/2018 1/1/2019	EDGR, CEO, COO	Hire an accounting and legal team to provide guidance on processes, laws, etc. for expansion into Indianapolis	State and regulatory guidelines; tax documents; proof of payments

OBJECTIVE 2: Engage community, marketing firm and HR to attract teachers and building leader

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
Engage with the community to determine marketing firm to promote FEHS and attract highly qualified leader	Meet with marketing firms to get proposal for bid for project. FE management meetings held to discuss candidates Interviews held with PR firms	9/2018 – 10/2018	CEO, CAO, HR, DO, GRSP	Bid proposals received and a PR/Marketing firm will be chosen to assist with the School's development needs.	Resumes, bids and samples from PR firms
PR firm	Advertise new	11/2018 –	PR firm	Strategic marketing	Strategic marketing

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
creates and implements a marketing campaign to promote FEHS and attract teachers and leaders	positions in Indianapolis through billboards, radio, newspaper, direct mail, phone calls, building signs, websites, banners, fliers, etc.	8/2019	supervised by , EDGR, DO	and recruitment plan created. Print materials created and distributed announcing jobs. Ads on radio, television, billboards, websites, job boards, media will help brand recognition for the School in the Indianapolis community.	and PR plans, advertisements for job position;

OBJECTIVE 3: School is secured and fully equipped with start-up resources including equipment, technology, supplies, and curricula. Install infrastructure technology.

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
Lease is secured and a list of equipment, furniture, technology, and curriculum materials needed to fully operate FEHS is developed	Create a bill of materials for FEHS using existing best charter school practices from across the country	9/2018-2/2019	DO, GRSP, DF, CDD	List of all materials that need to be purchased so the School is ready to solicit bids for the required materials	Completed list prepared by March 1, 2019
Acquisition and management of the procurement process	Research lead vendors in each of the furniture / curriculum categories; arrange vendor visits to showcase materials; request pricing in accordance with federal regulations	1/2019-4/2019	DO, DF, GRSP, CDD	List of vendors and prices; advertisements placed; quotes received from multiple companies and The School selects best quality, price, reputation, etc.	Copies of advertisements; copies of offers from qualified vendors; record of process documenting winning bid selection

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
	Purchases all materials by selecting the vendor with the best price and arranges delivery dates	4/2019	DO, DF	Furniture / fixtures and curriculum delivered on time in advance of school opening.	Bills of lading/purchase receipts; inventory lists
Safe, secure space to store the materials	Determine suitable facility to store materials	5/2019	DO	On-site or off-site location set to store materials six – eight weeks prior to start of school.	Materials are on hand as needed by the school prior to day one

Objective 3a: Install infrastructure technology.

List technology required: wiring, servers, and other build-out for FEHS	Create the list of unique build-out needed for FEHS per building specs	9/2018-11/2018	DO, DF, GRSP, FM	List of all technology needed and any constraints for School to secure bids.	Completed list of technology needed to be prepared by November 1, 2018
Oversee build-out selection process Oversee build-out	Seek proposals; meet to interview vendors; meet to decide winning bids for each city	11-2018-1/2019 Vendors chosen 2/2019 Build-out begins	DO, DF, GRSP, FM	List of bids and proposal from multiple companies; final vendor candidates chosen based on best quality, price and reputation in accordance with federal regulations	Copies of bids and record of selection process-documenting how winning bid was selected

OBJECTIVE 4: Recruit, hire, and train staff

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
HR Staff position salaries; Advertising /recruiting funds; Staff training costs;	Recruit, hire, and train staff. Staff consists of the following positions: Director of Operations, etc. Develop	Recruiting Staff starts 11/2018 to 7/2019 Fellows-1/19-3/19,	HR, CAO, DO, GRSP	Candidates hired and trained for the new positions so the School has staff to begin 7/2019 school year.	Resumes of qualified applicants; record of interviews held; employment letters signed by chosen candidates strategic performance plans;

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
Staff time to train recruits Train Principal Fellow for six (6) months	interview questions; conduct interviews; New staff orientation and strategic planning	Staff begins 7/2019			curriculum and academic plans, student performance plans and data; operations data; teacher plans; written teacher performance appraisals; background checks

OBJECTIVE 4a: Implement Fellow Program. Train Fellow to become Principal

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
Recruit & Train Fellow Fellow becomes FEHS Principal	CEO,CAO & COO will recruit Fellow Fellowship program training	1/1/2019 3/19	HR, CAO, COO, DO, GRSP PR	Fellow interviews and hired . Principal Fellow trained and ready to work onsite	Resumes, interviews, hire letters Proof of program completion, name of new Principal

OBJECTIVE 5: Director of Enrollment to begin enrollment of up to 130 students

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
Director of Enrollment	Recruit Director of Enrollment	9/2018 – 11/2018	HR, DO, GRSP	Candidate hired and trained for Indianapolis	Ads for job positions; resumes of qualified applicants; record of interviews held; employment letters signed by chosen candidates
A advertise new schools	Advertise new schools through billboards, radio, newspaper, direct mail, phone calls, building and	11/2018 – 6/2019	GRSP, DE, PR, DO	Families interested in enrollment are identified and contacted by DE	

INPUTS	ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	OUTPUTS	DATA COLLECTION
	lawn signs/banners, fliers, etc. Canvass neighborhoods	4/19-7/19			
Promote new schools to neighborhood businesses, agencies etc.	Build community relationships by attending community festivals, public events, and liaising with neighborhood businesses/orgs.	11/2018 – 8/2019	GRSP, DE, PR, DO	Relationships, partnerships, collaborations are developed; families recommended to FEHS to enroll	Copies of advertisements; record of radio and newspaper ads; call logs. Enrollment sign-in sheets, % of students that qualify for free lunch; # of first day enrollments; enrollment records

ATTACHMENT 22 – FEHS INSURANCE COVERAGE

Fusion Ed High School
Risk Management – Insurance Coverage

The School will obtain insurance levels as required by law and as may be required by the School Authorizer. Fusion Ed High School (FEHS) will add as an additionally insured the Authorizer, the CMO and any additional required related parties, such as a Landlord or Partnership Entity.

Insurance to be obtained as required by the School

- liability insurance coverage – in the required amounts as may be identified bellow:
    - Commercial General Liability: $1,000,000 per occurrence; $2,000,000 aggregate
    - NOTE: SUCH COMPREHENSIVE GENERAL LIABILITY INSURANCE MUST EXPRESSLY COVER CORPORAL PUNISHMENT LIABILITY AND ATHLETIC PARTICIPATION MEDICAL COVERAGE.
- Directors' and Officers' Liability/ Educators' Legal Liability/ Employment Practices Liability: $1,000,000 per occurrence; $3,000,000 aggregate
- Sexual Abuse Liability: $1,000,000
    - NOTE: SEXUAL ABUSE LIABILITY MUST BE A SEPARATE POLICY OR A SEPARATE COVERAGE PART WITH LIMITS INDEPENDENT OF OTHER COVERAGE PARTS IN THE GENERAL LIABILITY POLICY.
- Automobile Liability: $1,000,000 combined single limit
- Umbrella (Excess Liability): $3,000,000 per occurrence; $3,000,000 aggregate
    - NOTE THAT THE UMBRELLA POLICY MUST INCLUDE: COMMERCIAL GENERAL LIABILITY, DIRECTORS' AND OFFICERS' LIABILITY/EDUCATORS' LEGAL LIABILITY/EMPLOYMENT PRACTICES LIABILITY, AUTOMOBILE LIABILITY AND SEXUAL ABUSE LIABILITY.
- Workers Compensation Liability: As required by Indiana law

Upon approval, the School will obtain an estimate from an insurance agent/broker for the insurance coverage (with a minimum A-BEST rating) identified above (or such other coverage amounts as the charter school would be able to obtain). Additionally, the school will review with insurance carrier the need for liability for malpractice and due process as such may be necessary

ATTACHMENT 23 – DETAILED BUDGETS

Fusion Ed - CMO Projections

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
REVENUE					
Continuing Fees	$ -	$ -	$ -	$ -	$ -
Special Education	$ -	$ -	$ -	$ -	$ -
Vocational	$ -	$ -	$ -	$ -	$ -
Economically Disadvantaged	$ -	$ -	$ -	$ -	$ -
Targeted Assistance	$ -	$ -	$ -	$ -	$ -
LEP	$ -	$ -	$ -	$ -	$ -
Grant Funding- Tite I/School Imp	$ -	$ -	$ -	$ -	$ -
Grant Funding- IDEA B	$ -	$ -	$ -	$ -	$ -
Grant Funding- Title IIA	$ -	$ -	$ -	$ -	$ -
Grant Funding- Title IV	$ -	$ -	$ -	$ -	$ -
Erate Discount-Consulting	$ -	$ -	$ -	$ -	$ -
Erate Discount-Telephone	$ -	$ -	$ -	$ -	$ -
Medicaid Funding	$ -	$ -	$ -	$ -	$ -
Facilities Funding	$ -	$ -	$ -	$ -	$ -
Lunch Federal Reimbursement	$ -	$ -	$ -	$ -	$ -
Casino Revenue	$ -	$ -	$ -	$ -	$ -
Misc Income - Donations	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
School Management Fees	$ 1,567,184	$ 1,723,902	$ 1,896,293	$ 2,085,922	$ 2,294,514
Total Revenue	**$ 1,717,184**	**$ 1,873,902**	**$ 2,046,293**	**$ 2,235,922**	**$ 2,444,514**
OPERATING EXPENSES					
Academic Program Management Salaries	$ 260,000	$ 265,200	$ 270,504	$ 275,914	$ 281,432
Special Education Mgmt Salaries	$ 80,000	$ 81,600	$ 83,232	$ 84,897	$ 86,595
School Operations Salaries	$ 268,000	$ 273,360	$ 278,827	$ 284,404	$ 290,092
Financial Management Salaries	$ 158,000	$ 161,160	$ 164,383	$ 167,671	$ 171,024
CTE Management Salaries	$ 125,000	$ 127,500	$ 130,050	$ 132,651	$ 135,304
FICA	$ 12,920	$ 13,565	$ 13,837	$ 14,114	$ 14,396
BWC/FUTA/SUTA	$ 26,730	$ 28,067	$ 28,628	$ 29,200	$ 29,784
STRS	$ -	$ -	$ -	$ -	$ -
SERS	$ -	$ -	$ -	$ -	$ -
Employee Benefits	$ 138,996	$ 145,946	$ 148,865	$ 151,842	$ 154,879
Temporary Contracted Labor	$ -	$ -	$ -	$ -	$ -
Salaries - Grants Title I	$ -	$ -	$ -	$ -	$ -
Salaries - Grants IDEA B	$ -	$ -	$ -	$ -	$ -
Salaries - Grants Title IIA	$ -	$ -	$ -	$ -	$ -
Salaries - Grants Title IV	$ -	$ -	$ -	$ -	$ -
Employment Costs	**$ 1,069,646**	**$ 1,096,398**	**$ 1,118,326**	**$ 1,140,692**	**$ 1,163,506**
Utilities Allocation	$ 3,125	$ 3,219	$ 3,315	$ 3,415	$ 3,517
Repairs & Maintenance Allocation	$ 2,083	$ 2,146	$ 2,210	$ 2,277	$ 2,345
Janitorial	$ -	$ -	$ -	$ -	$ -
Insurance	$ 5,000	$ 5,150	$ 5,305	$ 5,464	$ 5,628
Security Expense	$ -	$ -	$ -	$ -	$ -
Rent Allocation	$ 25,000	$ 27,500	$ 30,250	$ 33,275	$ 36,603
Property Taxes	$ -	$ -	$ -	$ -	$ -
Real Estate Taxes	$ -	$ -	$ -	$ -	$ -
Facility Costs	**$ 35,208**	**$ 38,015**	**$ 41,080**	**$ 44,430**	**$ 48,092**
Cell Phones	$ -				
Telephone	$ 1,417	$ 1,488	$ 1,562	$ 1,640	$ 1,722
Consulting-Basic Main. & Internet	$ 1,250	$ 1,313	$ 1,378	$ 1,515.94	$ 1,668

Telephone and Internet Expenses	**$ 2,667**	**$ 2,800**	**$ 2,940**	**$ 3,156**	**$ 3,389**
Technology Supplies	$ -	$ -	$ -	$ -	$ -
Software Application Development	$ -	$ -	$ -	$ -	$ -
Consulting - Technology	$ 2,000	$ 2,200	$ 2,420	$ 2,662	$ 2,928
Technology Supplies - Grants Title I	$ -	$ -	$ -	$ -	$ -
Technology Supplies - Grants Misc	$ -	$ -	$ -	$ -	$ -
Equipment Lease Expense	$ -	$ -	$ -	$ -	$ -
Technology	**$ 2,000**	**$ 2,200**	**$ 2,420**	**$ 2,662**	**$ 2,928**
Office Expense	$ 833	$ 917	$ 1,008	$ 3,000	$ 3,300
Postage/Shipping Expense	$ 83	$ 92	$ 101	$ 111	$ 122
Copier Lease	$ 401	$ 441	$ 485	$ 533	$ 587
Dues / Subscriptions	$ -	$ -	$ -	$ -	$ -
Travel & Meetings	$ 10,000	$ 11,000	$ 12,100	$ 13,310	$ 14,641
Travel - Testing	$ -	$ -	$ -	$ -	$ -
Meals & Entertainment	$ 250	$ 275	$ 303	$ 333	$ 366
Meals & Entertainment - Meetings	$ 250	$ 275	$ 303	$ 333	$ 366
Emis/State Reporting	$ -	$ -	$ -	$ -	$ -
Other Administrative	**$ 11,817**	**$ 12,999**	**$ 14,299**	**$ 17,620**	**$ 19,382**
Training and Education	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000
Professional Development	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000
Training and Development	**$ 12,000**	**$ 12,000**	**$ 12,000**	**$ 12,000**	**$ 12,000**
Sales & Marketing	$ 25,000	$ 27,500	$ 30,250	$ 33,275	$ 36,603
Marketing	**$ 25,000**	**$ 27,500**	**$ 30,250**	**$ 33,275**	**$ 36,603**
Recruitment	$ 20,000	$ 40,000	$ 44,000	$ 48,400	$ 53,240
Recruitment	$ 20,000	$ 40,000	$ 44,000	$ 48,400	$ 53,240
Legal Fees	$ 25,000	$ 27,500	$ 30,250	$ 33,275	$ 36,603
Accounting Expense	$ -	$ -	$ -	$ -	$ -
Consulting Fees-General	$ 200,000	$ 220,000	$ 242,000	$ 266,200	$ 292,820
Consulting Fees - CTE	$ 250,000	$ 350,000	$ 385,000	$ 423,500	$ 465,850
Professional Fees	**$ 475,000**	**$ 597,500**	**$ 657,250**	**$ 722,975**	**$ 795,273**
Contributions	$ -	$ -	$ -	$ -	$ -
Miscellaneous Expense	$ 1,000	$ 1,100	$ 1,210	$ 1,331	$ 1,464
Bank Fees	$ 3,000	$ 3,300	$ 3,630	$ 3,993	$ 4,392
Credit Card Fee	$ -	$ -	$ -	$ -	$ -
Employee Profit Sharing	$ 5,000	$ 5,500	$ 6,050	$ 6,655	$ 7,321
Provision for Doubtful Accounts	$ -	$ -	$ -	$ -	$ -
Miscellaneous	**$ 9,000**	**$ 9,900**	**$ 10,890**	**$ 11,979**	**$ 13,177**
Total Operating Expenses	**$ 1,662,338**	**$ 1,839,311**	**$ 1,933,455**	**$ 2,037,189**	**$ 2,147,589**
Surplus/ Defecit from Operations	**$ 54,846**	**$ 34,591**	**$ 112,838**	**$ 198,733**	**$ 296,925**

ATTACHMENT 23 – DETAILED BUDGETS

Fusion Ed - CMO Projections

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Vocational	$ -	$ -	$ -	$ -	$ -
Economically Disadvantaged	$ -	$ -	$ -	$ -	$ -
Targeted Assistance	$ -	$ -	$ -	$ -	$ -
LEP	$ -	$ -	$ -	$ -	$ -
Grant Funding- Tite I/School Imp	$ -	$ -	$ -	$ -	$ -
Grant Funding- IDEA B	$ -	$ -	$ -	$ -	$ -
Grant Funding- Title IIA	$ -	$ -	$ -	$ -	$ -
Grant Funding- Title IV	$ -	$ -	$ -	$ -	$ -
Erate Discount-Consulting	$ -	$ -	$ -	$ -	$ -
Erate Discount-Telephone	$ -	$ -	$ -	$ -	$ -
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Facility Costs	**$ 35,208**	**$ 38,015**	**$ 41,080**	**$ 44,430**	**$ 48,092**
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Technology Supplies - Grants Misc	$ -	$ -	$ -	$ -	$ -
Equipment Lease Expense	$ -	$ -	$ -	$ -	$ -
Technology	**$ 2,000**	**$ 2,200**	**$ 2,420**	**$ 2,662**	**$ 2,928**
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Other Administrative	**$ 11,817**	**$ 12,999**	**$ 14,299**	**$ 17,620**	**$ 19,382**
Training and Education	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000
Professional Development	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000
Training and Development	**$ 12,000**	**$ 12,000**	**$ 12,000**	**$ 12,000**	**$ 12,000**
Sales & Marketing	$ 25,000	$ 27,500	$ 30,250	$ 33,275	$ 36,603
Marketing	**$ 25,000**	**$ 27,500**	**$ 30,250**	**$ 33,275**	**$ 36,603**
Recruitment	$ 20,000	$ 40,000	$ 44,000	$ 48,400	$ 53,240
Recruitment	$ 20,000	$ 40,000	$ 44,000	$ 48,400	$ 53,240
Legal Fees	$ 25,000	$ 27,500	$ 30,250	$ 33,275	$ 36,603
Accounting Expense	$ -	$ -	$ -	$ -	$ -
Consulting Fees-General	$ 200,000	$ 220,000	$ 242,000	$ 266,200	$ 292,820
Consulting Fees - CTE	$ 250,000	$ 350,000	$ 385,000	$ 423,500	$ 465,850
Professional Fees	**$ 475,000**	**$ 597,500**	**$ 657,250**	**$ 722,975**	**$ 795,273**
Contributions	$ -	$ -	$ -	$ -	$ -
Miscellaneous Expense	$ 1,000	$ 1,100	$ 1,210	$ 1,331	$ 1,464
Bank Fees	$ 3,000	$ 3,300	$ 3,630	$ 3,993	$ 4,392
Credit Card Fee	$ -	$ -	$ -	$ -	$ -
Employee Profit Sharing	$ 5,000	$ 5,500	$ 6,050	$ 6,655	$ 7,321
Provision for Doubtful Accounts	$ -	$ -	$ -	$ -	$ -
Miscellaneous	**$ 9,000**	**$ 9,900**	**$ 10,890**	**$ 11,979**	**$ 13,177**
Total Operating Expenses	**$ 1,662,338**	**$ 1,839,311**	**$ 1,933,455**	**$ 2,037,189**	**$ 2,147,589**
Surplus/ Defecit from Operations	**$ 54,846**	**$ 34,591**	**$ 112,838**	**$ 198,733**	**$ 296,925**

Table 25 – Budget Worksheet A

Preoperational Year		
SCHOOL NAME: Fusion Ed High School	**DATES COVERED:** January 1, 2019 – July 1, 2019	
INCOME		
Cash In -- Funding Source	**Budget Amount**	**Description: Specific Source**
State Grants (Please Describe)		
Other Grants (Please Describe)		
Investment Earnings		
Donations/Gifts (Please Describe)		
Other (Please Describe)	$552,537.00	Loan from CMO to cover all start-up costs
TOTAL CASH IN (INCOME)		
EXPENSES		
Expenditure	**Budget Amount**	**Description: Assumptions**
Legal	$5,000.00	
Accounting and Consulting	$10,000.00	CMO Accounting Fees/Start Up
Filing		
Fundraising		
Marketing: Including Printing and Postage	$10,000.00	
Rent: Office Space and Utilities	$250,000.00	Build Out Costs Only – Rent Abatement Assumed
Supplies	$10,000.00	
Equipment	$80,000.00	Furniture, Fixtures, Assets
Labor	$129,213.00	Principal Fellowship, Salaries and PD/Training
Other (Please Describe)	$58,324.00	Pre-Operational Costs
TOTAL EXPENSES	$552,537.00	

Table 25– Budget Worksheet B

Budget Schedule B

Projected Enrollment_130	School Name: Fusion Ed High School						Dates Covered 2019-2020						Minimum Revenue for Financial Viability:
	Description (where requested in Column A)	**July**	**August**	**September**	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**Total**
CARRY OVER														**0**
I. CASH IN (INCOME):														$ -
Donations/Gifts (Please Describe)														$ -
Food Service		$ 383	$ 2,622	$ 2,512	$ 2,558	$ 2,367	$ 2,088	$ 2,227	$ 2,088	$ 2,088	$ 3,784	$ 2,506	$ 2,088	$ 27,311
Investment Earnings														$ -
Loan From Common School Loan														$ -
Other Grants (Please Describe)	**Federal Idea B & Title**	$ 6,339	$ 4,729	$ 13,497	$ 7,912	$ 8,334	$ 7,264	$ 4,909	$ 5,311	$ 7,363	$ 6,438	$ 5,213	$ 5,313	$ 82,622
State Grants (Please Describe)	**Student Innovation**	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 5,625	$ 67,500
State Tuition Support		$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 76,500	$ 918,000
Transportation														$ -
Other (Please Describe)	**Erate**	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 2,221	$ 26,652
TOTAL CASH IN (INCOME):		$ 91,068	$ 91,697	$ 100,355	$ 94,816	$ 95,047	$ 93,698	$ 91,482	$ 91,745	$ 93,797	$ 94,568	$ 92,065	$ 91,747	$1,122,085
II.														$

Table 25– Budget Worksheet B

EXPENDITURES:														-
A. Employee Salaries														$ -
Director/Principal		$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 5,833	$ 70,000
Assistant Principal	**Academic Coach**	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 45,000
Other Administration - Business Manager	**Office Manager**	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 32,640
Paraprofessional(s)	**Intervention Specialist**	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 3,035	$ 36,414
Clerical														$ -
Consultants (Please Describe)														$ -
Librarians														$ -
Overtime Expense														$ -
Social Workers	**Student Pathways**	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 36,000
Substitute Teachers														$ -
Teachers	**4 subject area @37-40k**	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 12,818	$ 153,816
Technicians	**Security**	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 2,917	$ 35,000
Temporary Salaries														$ -
Other Human Resource Expense (Please Describe)	**Community Engagement**	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 2,635	$ 31,620
Total Employee		$	$	$	$	$	$	$	$	$	$	$	$	$

Table 25– Budget Worksheet B

Salaries		36,708	36,708	36,708	36,708	36,708	36,708	36,708	36,708	36,708	36,708	36,708	36,708	440,490
B. Employee Benefits														$ -
Group Dental Insurance		$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 1,341
Group Health Insurance		$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 2,681	$ 32,175
Group Life Insurance		$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 1,341
Long-Term Disability Insurance														$ -
Public Employee Retirement		$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 1,760	$ 21,123
Social Security & Medicare														$ -
Teacher Retirement		$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 3,052	$ 36,627
Unemployment Compensation		$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 5,981
Workers Compensation		$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 1,031	$ 12,375
Other Employee Benefits														$ -
Total Employee Benefits		$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 9,247	$ 110,962
C. Rental of Facilities & Utilities														$ -
Electricity														$ -
Gas, Oil, or Steam Heat														$ -
Grass and Tree														$

Table 25– Budget Worksheet B

Services													-
Internet Access	**Managed Internet & WIFI**	$ 1,634	$ 1,634	$ 1,634	$ 1,634	$ 1,634	$ 1,634	$ 1,634	$ 1,634	$ 1,634	$ 1,634	$ 1,634	$ 19,604
Mortgage													$ -
Rent		$ 10,995	$ 10,995	$ 10,995	$ 10,995	$ 10,995	$ 10,995	$ 10,995	$ 10,995	$ 10,995	$ 10,995	$ 10,995	$ 131,936
Repair & Maintenance Services		$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 12,000
Telephone Long Distance	**VOIP & Mobile**	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 498	$ 5,980
Trash Removal													$ -
Utilities	**All utilities included**	$ 3,083	$ 3,083	$ 3,083	$ 3,083	$ 3,083	$ 3,083	$ 3,083	$ 3,083	$ 3,083	$ 3,083	$ 3,083	$ 37,000
Water & Sewer													$ -
Other Facilities & Utilities Expense													$ -
Total Rent and Utilities		$ 17,210	$ 17,210	$ 17,210	$ 17,210	$ 17,210	$ 17,210	$ 17,210	$ 17,210	$ 17,210	$ 17,210	$ 17,210	$ 206,520
D. Insurance													$ -
Board Errors and Omissions													$ -
General Liability Insurance	**Group Includes all Types**	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 5,000
Health Insurance	**In employment**												$ -
Property & Casualty Insurance													$ -

Table 25– Budget Worksheet B

Property & Inland Marine														$ -
Theft Insurance														$ -
Treasurer Bonds														$ -
Umbrella/excess Liability														$ -
Vehicle Insurance														$ -
Worker's Compensation Insurance	**In Employment**													$ -
Other Insurance Expense (Please Describe)														$ -
Total Insurance		$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 417	$ 5,000
E. Service Contracts														$ -
Accounting & Payroll Services	**Quickbooks, Paychex**	$ 217	$ 217	$ 217	$ 217	$ 217	$ 217	$ 217	$ 217	$ 217	$ 217	$ 217	$ 217	$ 2,603
Consulting Services	**IT**	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 12,000
Data Processing Services	**State reporting**	$ 67	$ 67	$ 67	$ 67	$ 67	$ 67	$ 67	$ 67	$ 67	$ 67	$ 67	$ 67	$ 803
Equipment Rental & Lease														$ -
Food Service Contract		$ 469	$ 2,461	$ 2,407	$ 2,444	$ 2,257	$ 2,001	$ 2,138	$ 2,023	$ 2,020	$ 2,365	$ 2,388	$ 1,967	$ 24,940
Legal Services		$ 333	$ 333	$ 333	$ 333	$ 333	$ 333	$ 333	$ 333	$ 333	$ 333	$ 333	$ 333	$ 4,000
Professional & Technical Services	**Consulting fees general**	$ 855	$ 855	$ 855	$ 855	$ 855	$ 855	$ 855	$ 855	$ 855	$ 855	$ 855	$ 855	$ 10,257

Table 25– Budget Worksheet B

Pupil Transportation Contract		$ 692	$ 692	$ 692	$ 692	$ 692	$ 692	$ 692	$ 692	$ 692	$ 692	$ 692	$ 692	$ 8,300
Security Services	**In employment**													$ -
Staff Development		$ 1,800			$ 2,500		$ 1,500			$ 2,500	$ 1,500	$ 500		$ 10,300
Other Service Contracts														$ -
Total Service Contracts		$ 5,433	$ 5,625	$ 5,571	$ 8,108	$ 5,421	$ 6,665	$ 5,302	$ 5,187	$ 7,684	$ 7,029	$ 6,052	$ 5,131	$ 73,203
F. Supplies & Materials														$ -
Advertising		$ 6,619	$ 4,119	$ 2,369	$ 2,119	$ 1,203	$ 953	$ 2,369	$ 1,244	$ 453	$ 453	$ 828	$ 953	$ 23,679
Computer Software		$ 261	$ 261	$ 261	$ 261	$ 261	$ 261	$ 261	$ 261	$ 261	$ 261	$ 261	$ 261	$ 3,133
Custodial Supplies	**And Cleaning**	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 12,000
Instructional Supplies		$ 175	$ 250	$ 3,600	$ 525	$ 425	$ 225	$ 175	$ 650	$ 300	$ 375	$ 300	$ 175	$ 7,175
Library Books														$ -
Office Supplies & Expense		$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 1,500
Postage		$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 2,000
Printing	**Includes copier lease**	$ 235	$ 235	$ 235	$ 235	$ 235	$ 235	$ 235	$ 235	$ 235	$ 235	$ 235	$ 235	$ 2,820
Subscriptions	**And dues**	$ 77	$ 77	$ 77	$ 77	$ 77	$ 77	$ 77	$ 77	$ 77	$ 77	$ 77	$ 77	$ 924
Testing & Evaluation Supplies	**Included in Software**													$ -
Textbooks	**Included in Software**													$ -

Table 25– Budget Worksheet B

Other Supplies & Materials													$ -
Total Supplies & Materials		$ 8,659	$ 6,234	$ 7,834	$ 4,509	$ 3,492	$ 3,042	$ 4,409	$ 3,759	$ 2,617	$ 2,692	$ 2,992	$ 2,992	$ 53,231
G. Capital Outlay														$ -
Computer Hardware	**Lease**	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 9,497
Computer Software	**Included in Software**													$ -
Office Furniture & Equipment	**From CMO**													$ -
Instructional Furniture & Equipment														$ -
Vehicles														$ -
Land Purchases														$ -
Improvements & Alterations														$ -
Other Capital Outlay														$ -
Total Capital Outlay		$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 791	$ 9,497
H. Other Expenditures														$ -
Audit Expense		$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 167	$ 2,000
Dues & Fees														$ -
Judgments														$ -
Debt Services														$ -

Table 25– Budget Worksheet B

Travel Expense/Mileage		$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 6,000
Reimbursement														$ -
Field Trips	**Imprest Account**	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 5,214
Payments to an CMO	**15% Management Fee**	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 14,026	$ 168,313
BSU Administrative Fee		$ 2,732	$ 2,751	$ 3,011	$ 2,844	$ 2,851	$ 2,811	$ 2,744	$ 2,752	$ 2,814	$ 2,837	$ 2,762	$ 2,752	$ 33,663
Total Other Expenditures		$ 17,859	$ 17,878	$ 18,138	$ 17,972	$ 17,979	$ 17,938	$ 17,872	$ 17,880	$ 17,941	$ 17,964	$ 17,889	$ 17,880	$ 215,189
TOTAL EXPENDITURES		$ 96,323	$ 94,109	$ 95,915	$ 94,960	$ 91,264	$ 92,017	$ 91,954	$ 91,197	$ 92,614	$ 92,058	$ 91,305	$ 90,375	$1,114,093
REMAINING CASH BALANCE (DEFICIT)		$ (5,255)	$ (2,412)	$ 4,440	$ (144)	$ 3,783	$ 1,681	$ (472)	$ 548	$ 1,183	$ 2,510	$ 760	$ 1,372	$ 7,992

Attachment-Budget Worksheet C

Budget Worksheet Projected Five Year Cash Flow						
	School Name: Fusion High School					
	Pre-operational (From Schedule A)	**First Fiscal Year (From Schedule B)**	**Second Fiscal Year**	**Third Fiscal Year:**	**Fourth Fiscal Year:**	**Fifth Fiscal Year:**
Dates Covered	**January 1, 2019 – July 1, 2019**	**July 1, 2019 – July 1, 2020**	**July 1, 2020 – July 1, 2021**	**July 1, 2021 – July 1, 2022**	**July 1, 2022 – July 1, 2023**	**July 1, 2023 – July 1, 2024**
Projected Enrollment		**135**	**160**	**175**	**190**	**200**
Minimum enrollment for financial viability						
CARRY OVER			**7,992**	**8,388**	**55,509**	**88,862**
I. CASH IN (INCOME):						
Donations/Gifts						
Food Service		27,311	24,700	24,700	24,700	24,700
Investment Earnings						
Loan From Common School Loan						
Other Grants – Federal Idea B & Title		82,622	82,622	143,626	143,626	143,626
State Grants – Student Innovation		67,500	80,000	87,500	95,000	100,000
State Tuition Support		918,000	1,088,000	1,190,000	1,292,000	1,360,000
Transportation						
Other (Please Describe) – Erate/loan from CMO	$552,537	26,652	6,253	6,253	6,253	6,253
TOTAL CASH IN (INCOME):	$552,537	1,122,085	1,289,567	1,460,467	1,617,088	1,723,440

	Pre-operational (From Schedule A)	First Fiscal Year (From Schedule B)	Second Fiscal Year	Third Fiscal Year:	Fourth Fiscal Year:	Fifth Fiscal Year:
II. EXPENDITURES:						
A. Employee Salaries						
Director/Principal		70,000	71,400	71,400	71,400	71,400
Assistant Principal – Academic Coach		45,000	45,000	45,000	45,000	45,000
Other Administration - Office Manager		32,640	32,640	32,640	32,640	32,640
Classroom Assistants – Intervention Specialists		36,414	36,414	36,414	36,414	36,414
Clerical						
Consultants - Paraprofessionals			40,000	60,000	80,000	100,000
Librarians						
Overtime Expense – COLA & Merit Raise			16,236	32,471	48,707	64,942
Social Workers – Student Pathways		36,000	36,000	36,000	36,000	36,000
Substitute Teachers						
Teachers - 4 subject area @ 37-40K		153,816	153,816	153,816	153,816	153,816
Technicians - Security		35,000	35,000	35,000	35,000	35,000
Temporary Salaries	129,213					
Other Human Resource Expense – Community Engagement		31,620	31,620	31,620	31,620	31,620
Total Employee Salaries	129,213	440,490	498,126	534,361	570,597	606,832
B. Employee Benefits						
Group Dental Insurance		1,341	1,341	1,341	1,341	1,341
Group Health Insurance		32,175	32,175	32,175	32,175	32,175
Group Life Insurance		1,341	1,341	1,341	1,341	1,341
Long-Term Disability Insurance						
Public Employee Retirement		21,123	21,123	21,123	21,123	21,123
Social Security & Medicare						
Teacher Retirement		36,627	36,627	36,627	36,627	36,627
Unemployment Compensation		5,981	5,981	5,981	5,981	5,981
Workers Compensation		12,375	12,375	12,375	12,375	12,375
Other Employee Benefits (Benefits Increase)			3,218	6,435	9,653	12,870
Total Employee Benefits		110,962	114,180	117,397	120,615	123,832

	Pre-operational (From Schedule A)	First Fiscal Year (From Schedule B)	Second Fiscal Year	Third Fiscal Year:	Fourth Fiscal Year:	Fifth Fiscal Year:
C. Rental of Facilities & Utilities						
Electricity						
Gas, Oil, or Steam Heat						
Grass and Tree Services						
Internet Access – Managed Internet & WiFi		19,604	29,604	29,604	29,604	29,604
Mortgage						
Rent	250,000	131,936	131,936	131,936	131,936	131,936
Repair & Maintenance Services		12,000	21,600	21,600	21,600	21,600
Telephone Long Distance – VOIP & Mobile		5,980	5,980	5,980	5,980	5,980
Trash Removal						
Utilities – all utilities included		37,000	37,000	37,000	37,000	37,000
Water & Sewer						
Other Facilities & Utilities Expense – Rent Increase			2,639	5,277	7,916	10,555
Total Rent and Utilities	**250,000**	206,520	228,759	231,397	234,036	236,675
D. Insurance						
Board Errors and Omissions						
General Liability Insurance – Group includes all types		5,000	5,000	5,000	5,000	5,000
Health Insurance – in employment						
Property & Casualty Insurance						
Property & Inland Marine						
Theft Insurance						
Treasurer Bonds						
Umbrella/excess Liability						
Vehicle Insurance						
Worker's Compensation Insurance – in employment						
Total Insurance		5,000	5,000	5,000	5,000	5,000
E. Service Contracts						
Accounting & Payroll Services – QuickBooks, Paychex	5,000	2,603	2,603	2,603	2,603	2,603
Consulting Services - IT	5,000	12,000	12,000	12,000	12,000	12,000
Data Processing Services – State Reporting		803	803	803	803	803
Equipment Rental & Lease						

Food Service Contract		24,490	24,940	24,940	24,940	24,940
Legal Services	$5,000	4,000	4,000	4,000	4,000	4,000
Professional & Technical Services – Consulting fees general		10,257	18,257	18,257	18,257	18,257
Pupil Transportation Contract		8,300	18,260	36,520	54,780	73,040
Security Services – in employment						
Staff Development		10,300	20,600	35,600	50,600	65,600
Other Service Contracts						
Total Service Contracts	15,000	73,203	101,463	134,723	167,983	201,243

	Pre-operational (From Schedule A)	First Fiscal Year (From Schedule B)	Second Fiscal Year	Third Fiscal Year:	Fourth Fiscal Year:	Fifth Fiscal Year:
F. Supplies & Materials						
Advertising		23,679	34,417	47,358	47,358	47,358
Computer Software		3,133	14,758	14,758	14,758	14,758
Custodial Supplies – and cleaning		12,000	12,000	12,000	12,000	12,000
Instructional Supplies		7,175	7,175	7,175	7,175	7,175
Library Books						
Office Supplies & Expense	10,000	1,500	3,300	6,600	9,900	13,200
Postage	5,000	2,000	2,000	2,000	2,000	2,000
Printing – includes copier lease	5,000	2,820	2,820	2,820	2,820	2,820
Subscriptions – and dues		924	924	924	924	924
Testing & Evaluation Supplies – included in software						
Textbooks – included in software						
Other Supplies & Materials	58,324					
Total Supplies & Materials	78,324	53,231	77,394	93,635	96,935	100,235
G. Capital Outlay						
Computer Hardware – lease		9,497	9,497	9,497	9,497	9,497
Computer Software – included in software						
Office Furniture & Equipment – from CMO	80,000					
Instructional Furniture & Equipment					15,000	15,000
Vehicles						
Land Purchases						
Improvements $ Alterations						
Other Capital Outlay			1,425	2,849	4,274	5,698
Total Capital Outlay	80,000	9,497	10,922	12,346	28,771	30,195
H. Other Expenditures						
Audit Expense		2,000	2,000	2,000	2,000	2,000
Dues & Fees						
Judgments						
Debt Services						
Travel Expense/Mileage		6,000	6,000	6,000	6,000	6,000
Reimbursement						
Field Trips - Imprest		5,214	5,214	5,214	5,214	5,214
Payment to an CMO – 15% Management Fee		168,313	193,435	219,070	242,563	258,516
BSU Administrative Fee		33,663	38,687	43,814	48,513	51,703

Total Other Expenditures		215,189	245,336	276,098	304,290	323,433
TOTAL EXPENDITURES	552,537	1,114,093	1,281,179	1,404,958	1,528,226	1,627,446
REMAINING CASH BALANCE (DEFICIT)	0	7,992	8,388	110,977	88,862	175,837

ATTACHMENT 24 – BUDGET NARRATIVE AND INTERNAL CONTROLS POLICY

Fusion Ed High School Budget Narrative Assumption Components

- **Preoperational year**
    - Fusion Ed High School (School) has partnered with Fusion Career Education Inc., as the School charter management organization (CMO)
        - CMO covers all construction/ build out costs
        - All startup staffing (professional development and training)
        - Marketing and enrollment and Open House
        - Management fee does not begin until school opens – school still has access to full CMO staffing in preoperational year
- **Year One**
    - Revenue assumptions
        - Assuming the school will be approved for Free and Reduced Lunch Funding – participation and amounts from FY18 federal amounts
        - Assuming the school will be eligible for Federal Special Education and Title Funding
            - Assuming 15-20% special education population
            - Assuming a population that is 70-80% Free and Reduced Lunch eligible
        - State funding
            - Taken from current amounts
                - $500 per student for Student Innovation
                - $6800 base level support
        - Erate
            - Erate approval assumed
                - Voip phased out so not included
    - Expense Assumptions
        - Staffing model
            - Principal
            - Academic Coach
            - Teachers (4)
            - Intervention Specialists
            - Office Manager
            - Student Pathways Advisor
            - Community Engagement Specialist
            - Facility Security
        - Benefits
            - Assumptions based upon current Public Employee Retirement rates/ current market rates for all other benefits and costs
        - Facilities
            - Rent Rates based upon a 10000+ SF location with open floor plan (4 main labs)
            - Internet and telephone
                - Will use 3rd party for managed services – CMO current rates but will RFP local vendor
        - Insurance
            - Current projected insurance rates based upon similar campuses
            - Economy of scale buying power from CMO

- Service Contracts
    - CMO managed finance
        - Only school-based costs are for local capture of costs/ time reporting etc.
    - Consulting fees for targeted needs (speech, therapy, ESL, graduation speakers, etc.)
    - Staff Development – Leverage some Title funds – ensure superior professional development is provided as a differentiator for Fusion Ed High School staff – making it a great place to work
- Supplies and materials
    - Advertising
        - Funds used to promote community engagement and community-based activities
        - New website and management
    - Office supplies etc.
        - Based upon historical enrollment data at other campuses/ office supply usage
- Capital Outlay
    - Will be leasing student computers to ensure students have the best available technology on a regular basis and we do not need to retain a computer tech to fix broken equipment
- Other expenditures
    - Audit expense based upon current 3rd party firm costs
    - Travel based upon professional development scheduling/ training etc.
    - Imprest – a leadership/staff discretionary account for the purpose of student retention efforts
    - Management fee
        - Current rate of 15%
    - Authorizer fee
        - Current rate of 3%

- **Year 2**
    - Employee expenditures
        - Add two paraprofessionals to assist teachers in classroom – attendance/ grading etc.
        - Up to 4% increase in salaries to be determined COLA vs. merit based pay
        - Assume a slight increase in benefits
    - Facilities
        - Assume rent increase
    - Service Contracts
        - Assume additional transportation needed for increased enrollment
        - Assume more professional development for increased enrollment
    - Supplies
        - Assume additional office supplies etc. for increased enrollment
    - Capital Outlay
        - Additional leased computers
- **Year 3**

- Employee expenditures
    - Add one more paraprofessional (total of 3) to assist teachers in classroom – attendance/ grading etc.
    - 4% increase in salaries to be determined COLA vs. merit based pay
    - Assume a slight increase in benefits
- Facilities
    - Assume rent increase
- Service Contracts
    - Assume additional transportation needed for increased enrollment
    - Assume more professional development for more students
- Supplies
    - Assume increased office supplies etc. for enrollment
- Capital Outlay
    - Additional leased computers

- **Year 4**
    - Employee expenditures
        - Add one more paraprofessional (total of 4) to assist teachers in classroom – attendance/ grading etc.
        - 4% increase in salaries to be determined COLA vs. merit based pay
        - Assume a slight increase in benefits
    - Facilities
        - Assume rent increase
    - Service Contracts
        - Assume additional transportation needed for increased enrollment
        - Assume more professional development for increased enrollment
    - Supplies
        - Assume additional office supplies etc. for increased enrollment
    - Capital Outlay
        - Additional leased computers
- **Year 5**
    - Employee expenditures
        - Add one more paraprofessional (total of 5) to assist teachers in classroom – attendance/ grading etc. One may assist with administrative duties (scheduling etc.)
        - 4% increase in salaries to be determined COLA vs. merit based pay
    - Facilities
        - Assume rent increase
    - Service Contracts
        - Assume additional transportation needed for increased enrollment
        - Assume more professional development for increased enrollment
    - Supplies
        - Assume additional office supplies etc. for increased enrollment
    - Capital Outlay
        - Additional leased computers

Accounting Policies and Procedures Manual

Description of Internal Control Procedures

Rev. February 28, 2018

Accounting Policies and Procedures

FISCAL MANAGEMENT OVERVIEW

The Fiscal Officer/Finance Department strives to reflect sound economic and accounting policies in the operation of the Schools. The Schools believe that having established procedures and strong internal controls are integral parts of delivering their educational models and achieving their mission of serving the youth.

The following specifically addresses the policies, procedures, and internal control practices the Schools will follow.

FISCAL MANAGEMENT PROCEDURES

I. Purchasing

The Fiscal Officer is responsible for assuring that all purchases against the assigned budget at appropriate and necessary.

The purchasing process is initiated when a School Administrator presents a proposal to the Board for approval of a purchase. Once approved by the Board, the order is placed by the School Administrator in collaboration with the Fiscal Officer. This collaborative effort ensures that the Board's requirements regarding that purchase are being met.

II. Accounts Payable

All vendor invoices are received and retained by the Finance Department. Once an invoice is received, it is coded within the accounting system, and placed aside to be paid. Once per week, checks are issued for all invoices received that week.

A weekly bill payment batch is emailed to the Board Member authorized bank signer for approval. The email includes a listing of the bills to be paid along with copies of the bills. After approval, the Fiscal Officer (also an authorized bank signer) initiates payment of the bills.

No manual checks are authorized without the consent of the Fiscal Officer.

All bank accounts are reconciled on a monthly basis by the Fiscal Officer. The Fiscal Officer then reviews, approves, and then signs the completed reconciliation. Any necessary adjustments to the general ledger are made at the time of reconciliation.

III. Travel

Employees and Board Members of the School are entitled to reimbursement of business related expenses associated with their performance of official school business.

Where applicable, all reimbursements are processed in accordance with U.S. GSA (General Services Administration) guidelines with respect to per diem and mileage rates.

Reimbursement requests must be submitted on a standard form (provided by Finance Department) and completed with all the required information (dates, places, business purpose, and amount). All requests, with the exception of mileage, shall be accompanied by an original receipt to evidence the expense incurred.

IV. Cash Receipts

All checks received by the School are turned in to the Fiscal Officer (or his designee) at the time of receipt. The checks are then marked "for deposit only" and secured in a locked drawer until the deposit is made.

Checking accounts are reconciled monthly in order to keep an accurate record of bank activity.

All cash collections are deposited into the appropriate bank account on a regular basis. All deposits are then recorded in the general ledger by the Fiscal Officer.

The majority of cash collections with be received electronically by the School's bank via EFT/ACH. Such deposits will be recorded to the general ledger at the time of receipt.

V. Accounts Receivable

To the extent require, the Finance Department will general invoices to outside entities/agencies. Such invoices will be generated through the accounting system, reviewed by the Fiscal Officer and sent to the appropriate party for collection.

Upon collection of monies due on a particular invoice, the Finance Department will follow the cash receipt procedures previously described and close out the outstanding amount in the accounting system.

VI. Investments

The School will maintain monies and cash balances in an interest-bearing checking account. Interest generated on balances maintained is credited by the financial institution on a monthly basis. The amount of interest earned is receipted and recorded to the general ledger when the credit is received.

Note: Initially, the School will not maintain any investments beyond interest bearing instruments available through its financial institution. At such time that the school is able to consider a more diverse investment strategy, a Board-approved Investment Policy will be put in place to specifically address the types of instruments the School will be invested in as permitted by law.

VII. Fixed Assets

The School will follow a policy of capitalizing individual assets costing greater than $5,000.

The School through the direction of the Fiscal Officer will maintain a record of all assets meeting the criteria for capitalization and owned by the school in a fixed asset database.

The database shall include the following information:

- Asset tag number
- Description
- Serial number (if available)
- Check number
- Acquisition date
- Location
- Estimated life

All depreciation related to the maintaining of these assets will be calculated by the database.

VIII. Grant Programs

All applications for supplemental grant funding through State and/or Federal sources require approval of the Board.

At the Board's annual meeting, they authorize the Management Company to apply for and manage all federal and state grant awards for the year. New awards throughout the fiscal year require additional Board approval before the applications are submitted. Budgets are presented to the School's governing board and then forwarded to the State Department of Education for approval.

The Management Company monitors grant award budgets, and also acts as a control agent and is responsible for monitoring any specific compliance issues related to the grant.

IX. Month End Procedures

On a monthly basis, the Fiscal Officer will produce a standard of set financial statements that will consist of no less than the following components:

- Statement of Net Assets (Balance Sheet)
- State of Changes in Net Assets (Income Statement)
- Budget versus Actual Comparison
- Check Register
- Bank Reconciliation

These documents are presented to the Board at the regularly scheduled meetings for approval.

Internal Control Policies and Procedures

The Finance Department has established the following additional procedures to maintain internal control over the following two areas:

I. AUDIT

The School will receive an annual independent financial audit by a qualified auditing firm. The auditor will perform their audit in accordance with Generally Accepted Accounting Principles (GAAP), General Accepted Auditing Standards (GAAS). And Government Auditing Standards to determine whether the financial statements fairly present the financial position of the School, whether internal controls over financial reporting have been properly designed and implemented, and whether the School has compiled with all applicable laws and regulations.

II. BUDGET

The School will prepare and adopt an annual budget. The Operating Budget is prepared under the direction of the Board and the Fiscal Officer. The final decision making authority with regard to budget issues rests with the Board with input from the Fiscal Officer.

Increases, decreases and adjustments to the final operating budget throughout the year are presented to the Board for approval. Once approved, the change is recorded in th budget and the financial records of the School by the Fiscal Officer. A revised budget is then issued and becomes the operating budget for the School.

At each regular meeting of the Board and upon close of each fiscal year, the Fiscal Officer determines the actual results as compared to the budget and presents the results to the Board.

ATTACHMENT 25- FEHS PORTFOLIO SUMMARY TEMPLATES

Fusion Ed High School

School Name	Life Skills High School Cincinnati
Year Opened	2005
Location	2612 Gilbert Ave. Cincinnati, Ohio 45206
Phone #	513-475-0222
Fax #	330-252-8880
Contact Information	Principal Zena Vaughn
Authorizer Contact	Sponsor/Authorizer: Charter School Specialist St Aloysius Orphanage (513) 242-7600
Grades Served	9-12
Enrollment	139
Free/Reduced Lunch %:	100
Ethnicity:	
American Indian %	NC
Asian %	NC
Black %	81.6
Hispanic %	NC
White %	NC
Multi-racial %	8.8
Special Education %	17
English Language Learner %	NC

State Assessment Results:

	2013	2014	2015	2016	2017
Accountability Grade	12	12	12	12	12
OGT Reading	40%	14.3%	66.7%	50%	63%
OGT Math	80%	14.3%	50%	37.5%	18.8%
OGT Writing	80%	14.3%	33.3%	50%	12.5%
OGT Science	40%	14.3%	33.3%	62.5%	18.8%
OGT Social Studies	40%	14.3%	33.3%	56.3%	12.5%
Graduation Rate	10%	8%	14%	16.5%	14%
College & Career Readiness (# and %)*	NC	NC	NC	NC	NC

* College and Career Readiness is the percentage of graduates that have earned at least 3 transcripted college credits or earned an Industry Certification prior to graduation.

Select one or more of the organization's schools whose performance is relatively low or not satisfactory and discuss the school's performance.

a. Be specific about the results on which you base your judgment that performance is unsatisfactory. Include student status, growth, absolute, and comparative academic results, as available.

Life Skills High School of Cincinnati showed negative growth in both Reading and Math for the school year 2017-2018 as assessed by NWEA MAP. Compared to its network schools, Cincinnati scored lower in growth than the other schools in Ohio. Test Scores and Graduation Rates have stagnated over the past few years. These data indicate low performance and have caused the School to need the assistance of an Instructional Coach.

Moving forward, the School offers career programming in Youth Build, Phlebotomy, EKG and Patient Care Technician. Implementing dual curriculum including core academic standards and career standards allows for students to earn dual credit and a certification. These plans will give students a purpose and passion to continue with regular school attendance toward completion.

b. Describe the primary causes to which you attribute the school's problems.

Upon root cause analysis, the School has focused on instruction. Low performance in graduation rates and test passage point to unfocused instruction. The student population has had a wide range of behaviors and mental health needs that can make it difficult for students to focus on academic requirements. The School has also experienced staff turnover during the last five years. Since the School is specialized to the dropout and credit recovery population, new staff need training and professional development to improve staff retention rates.

c. Explain the specific strategies that you are employing to improve performance.

The School has gone through Spring and Summer training focused on designing Curriculum Mapping and lesson plans that are developed with the end in mind. The goal for the School is for every student to pass state tests, graduate with a diploma and at one industry credential or certification. The School aligns both the state tests blue prints as well as the WorkForce Readiness curriculum. Presenting students with curricula that aligns with both items increases student engagement and student willingness to participate.

d. How will you know when performance is satisfactory? What are your expectations for satisfactory performance in terms of performance levels and timing?

Several indicators will let the School know student performance is satisfactory. The first indicator will be increased attendance in all courses and programming. Second, students will begin to earn industry recognized credentials. Third, students will begin to earn credits and pass courses with at least 70% or higher. The mid-year end of course assessments will also show greater proficiency.

The ultimate performance levels to indicate satisfactory performance at the end of the year will show in increase attendance from 43% to 80%. Also, all end of course assessment rates will increase from an average 50% to 70%. Finally, graduates will not only earn a diploma, but will also gain at least one industry recognized credential or certification.

Fusion Ed High School

School Name	Life Skills High School Columbus North
Year Opened	2005
Location	1900 E Dublin-Granville Rd. STE 200 Columbus, Ohio 43229
Phone #	614-508-4089
Fax #	330-252-8880
Contact Information	Principal Dr. Sharon Watkins
Authorizer Contact	Sponsor/Authorizer: Charter School Specialist St Aloysius Orphanage (513) 242-7600
Grades Served	9-12
Enrollment	91
Free/Reduced Lunch %:	100
Ethnicity:	
American Indian %	NC
Asian %	NC
Black %	63
Hispanic %	NC
White %	14.4
Multi-racial %	NC
Special Education %	15.5
English Language Learner %	NC

State Assessment Results:

	2013	2014	2015	2016	2017
Accountability Grade	12	12	12	12	12
OGT Reading	76%	78.6%	81.8%	83.3%	84%
OGT Math	64%	78.6%	42.9%	50%	51%
OGT Writing	68%	78.6%	76.2%	83.3%	84%
OGT Science	40%	76.9%	45.5%	50%	50%
OGT Social Studies	40%	71%	60%	83.3%	51%
Graduation Rate	11%	10%	10%	19%	15%
College & Career Readiness (# and %)*	NC	NC	NC	NC	NC

* College and Career Readiness is the percentage of graduates that have earned at least 3 transcripted college credits or earned an Industry Certification prior to graduation.

Select one or more of the consistently high-performing schools that the organization operates, and discuss the school's performance.

a. Be specific about the results on which you base your judgment that the school is high-performing. Include student achievement status, growth, absolute, and comparative academic results, as available.

Life Skills High School of Columbus North has increased its test passage rate and its graduation rate year over year. The School has experienced high growth rates in NWEA MAP RIT scores experiencing +8 RIT Math and +11 in Reading. These scores contribute to the Meets Standards on the School Report Card. This data compared to its sister schools (7) places Columbus North as a consistently high performing school.

b. Discuss the primary causes to which you attribute the school's distinctive performance.

Life Skills High School of Columbus North consistently performs well due to the data-driven methodology that the educators use to increase student academic performance. Noting where students score in the NWEA MAP assessment and how students perform on formative and summative assessments in the classroom, creates lesson plans that help students learn content specific to the assessments needed to pass the assessments necessary to graduate. Also, the educators have included the career specific course material to create an environment where students may receive dual credit.

c. Discuss any notable challenges that the school has overcome in achieving its results.

The strongest challenge the School faces comes from low attendance. Poor attendance is part of the dynamic of the dropout credit recovery program. Many students face hardships that other students their age may not have to deal with, including economic hardship, learning disabilities, emotional disabilities, pregnancy, homelessness, etc. Student retention and continuous attendance remains a great concern and constant focus at dropout recovery programs, because we know the students oftentimes have competing priorities. The school works to ensure appropriate resources and services are available to help the student achieve regular attendance.

d. Identify any ways in which the school's success has informed or affected how other schools in the network operate. Explain how the effective practice or structure or strategy was identified and how it was implemented elsewhere in the network.

With the inclusion of the career and technical program focus into the high school, the school has increased in all areas. Students can associate the work with a known goal and show drive and stronger performance when it's understood how they will work through the program toward completion of the program and into a career. Aligning courses with career programming allows students to earn certification and high school credit at the same time. For those who qualify, students enjoy earning college credit at the same time as earning high school credit. The network schools have adopted this methodology and expect to see similar increases in performance.

Fusion Ed High School

School Name	Life Skills High School Columbus Southeast Ohio
Year Opened	2004
Location	2400 S. Hamilton Road Columbus, Ohio 43232
Phone #	614-452-4379
Fax #	330-252-8880
Contact Information	Principal Tammy Stiles
Authorizer Contact	Sponsor/Authorizer: Charter School Specialist St Aloysius Orphanage (513) 242-7600
Grades Served	9-12
Enrollment	89
Free/Reduced Lunch %:	100
Ethnicity:	
American Indian %	NC
Asian %	NC
Black %	71.3
Hispanic %	NC
White %	18.7
Multi-racial %	NC
Special Education %	14
English Language Learner %	NC

State Assessment Results:

	2013	2014	2015	2016	2017
Accountability Grade	12	12	12	12	12
OGT Reading	81.3%	61.1%	66.7%	92.3%	63%
OGT Math	68.8%	33.3%	33.3%	76.9%	18.8%
OGT Writing	81.3%	66.7%	55.2%	84.6%	12.5%
OGT Science	68.8%	11.8%	30%	69.2%	18.8%
OGT Social Studies	68.8%	44.4%	48.3%	92.3%	12.5%
Graduation Rate	13%	13%	16%	9%	7.5%
College & Career Readiness (# and %)*	NC	NC	NC	NC	NC

* College and Career Readiness is the percentage of graduates that have earned at least 3 transcripted college credits or earned an Industry Certification prior to graduation.

Fusion Ed High School

School Name	Life Skills High School Dayton
Year Opened	2004
Location	1721 N Main St. Dayton, Ohio 45405
Phone #	937-476-1758
Fax #	330-252-8880
Contact Information	Principal LaNicka Shepherd-Masey
Authorizer Contact	Sponsor/Authorizer: Charter School Specialist St Aloysius Orphanage (513) 242-7600
Grades Served	9-12
Enrollment	128
Free/Reduced Lunch %:	100
Ethnicity:	
American Indian %	NC
Asian %	NC
Black %	68.4
Hispanic %	NC
White %	20
Multi-racial %	8.8
Special Education %	14.9
English Language Learner %	NC

State Assessment Results:

	2013	2014	2015	2016	2017
Accountability Grade	12	12	12	12	12
OGT Reading	55%	60%	53%	71.4%	63%
OGT Math	47.6%	60%	53%	42.9%	18.8%
OGT Writing	55%	52.6%	66.7%	57.1%	12.5%
OGT Science	38.1%	20%	43.8%	38.5%	18.8%
OGT Social Studies	47.6%	40%	53%	56.3%	12.5%
Graduation Rate	21%	16%	14%	5%	19%
College & Career Readiness (# and %)*	NC	NC	NC	NC	NC

* College and Career Readiness is the percentage of graduates that have earned at least 3 transcripted college credits or earned an Industry Certification prior to graduation.

Fusion Ed High School

School Name	Life Skills High School Elyria
Year Opened	2005
Location	2015 W River Rd N Elyria, Ohio 44035
Phone #	440-791-0550
Fax #	330-252-8880
Contact Information	Principal Crystal Garmon
Authorizer Contact	Sponsor/Authorizer: Charter School Specialist St Aloysius Orphanage (513) 242-7600
Grades Served	9-12
Enrollment	115
Free/Reduced Lunch %:	100
Ethnicity:	
American Indian %	NC
Asian %	NC
Black %	23.6
Hispanic %	11.1
White %	51.3
Multi-racial %	14
Special Education %	25.4
English Language Learner %	NC

State Assessment Results:

	2013	2014	2015	2016	2017
Accountability Grade	12	12	12	12	12
OGT Reading	90.9%	80%	76.9%	100%	63%
OGT Math	68.2%	65%	84.6%	81.8%	18.8%
OGT Writing	61.9%	73.7%	84.6%	90.9%	12.5%
OGT Science	47.6%	50%	60%	80%	18.8%
OGT Social Studies	61.9%	50%	73.1%	81.8%	12.5%
Graduation Rate	7%	9%	6%	6%	2.7%
College & Career Readiness (# and %)*	NC	NC	NC	NC	NC

* College and Career Readiness is the percentage of graduates that have earned at least 3 transcripted college credits or earned an Industry Certification prior to graduation.

Fusion Ed High School

School Name	Life Skills High School North Akron
Year Opened	2005
Location	1458 Brittain Road Akron, Ohio 44310
Phone #	330-510-1649
Fax #	330-252-8880
Contact Information	Principal Taunya Scruggs
Authorizer Contact	Sponsor/Authorizer: Ohio Council of Community Schools 419-720-5200
Grades Served	9-12
Enrollment	99
Free/Reduced Lunch %:	100
Ethnicity:	
American Indian %	NC
Asian %	NC
Black %	24.3%
Hispanic %	NC
White %	61.4%
Multi-racial %	11.7%
Special Education %	27.4%
English Language Learner %	NC

State Assessment Results:

	2013	2014	2015	2016	2017
Accountability Grade	12	12	12	12	12
OGT Reading	83.3%	100%	100%	100%	NC
OGT Math	73.7%	100%	100%	100%	NC
OGT Writing	82.4%	100%	100%	100%	NC
OGT Science	44.4%	100%	100%	100%	NC
OGT Social Studies	72.2%	100%	83.3%	100%	NC
Graduation Rate	5%	6%	10%	15%	3.1%
College & Career Readiness (# and %)*	NC	NC	NC	NC	NC

* College and Career Readiness is the percentage of graduates that have earned at least 3 transcripted college credits or earned an Industry Certification prior to graduation.

Fusion Ed High School

School Name	Life Skills High School Toledo
Year Opened	2004
Location	1830 Adams St. Toledo, Ohio 43604
Phone #	419-862-7605
Fax #	330-252-8880
Contact Information	Principal Vanice Williams
Authorizer Contact	Sponsor/Authorizer: Ohio Council of Community Schools 419-720-5200
Grades Served	9-12
Enrollment	86
Free/Reduced Lunch %:	100
Ethnicity:	
American Indian %	NC
Asian %	NC
Black %	67.9
Hispanic %	NC
White %	16.1
Multi-racial %	NC
Special Education %	25.9
English Language Learner %	NC

State Assessment Results:

	2013	2014	2015	2016	2017
Accountability Grade	12	12	12	12	12
OGT Reading	62.5%	80%	76.9%	66.7%	100%
OGT Math	75%	65%	84.6%	66.7%	81.8%
OGT Writing	75%	73.7%	84.6%	66.7%	90.9%
OGT Science	87.5%	50%	60%	66.7%	80%
OGT Social Studies	75%	50%	73.1%	66.7%	81.8%
Graduation Rate	8%	8%	10%	13%	10%
College & Career Readiness (# and %)*	NC	NC	NC	NC	NC

* College and Career Readiness is the percentage of graduates that have earned at least 3 transcripted college credits or earned an Industry Certification prior to graduation.

ATTACHMENT 28 – FEHS SCHOOL AUDITED FINANCIAL REPORTS

Fusion Ed LLC
Balance Sheet
As of August 15, 2018

		Total
ASSETS		
Current Assets		
Bank Accounts		
Chase Checking		1,210,704.77
Total Bank Accounts	**$**	**1,210,704.77**
Accounts Receivable		
Accounts Receivable (A/R)		249,000.00
Total Accounts Receivable	**$**	**249,000.00**
Other Current Assets		
Loan to EMO LLC's		24,000.00
Loan to LS Ohio LLC		300,000.00
Total Other Current Assets	**$**	**324,000.00**
Total Current Assets	**$**	**1,783,704.77**
TOTAL ASSETS	**$**	**1,783,704.77**
LIABILITIES AND EQUITY		
Total Liabilities		
Equity		
Partners Equity		0.00
Partner Contributions		1,626,500.00
Total Partner's Equity	**$**	**1,626,500.00**
Retained Earnings		0.00
Net Income		157,204.77
Total Equity	**$**	**1,783,704.77**
TOTAL LIABILITIES AND EQUITY	**$**	**1,783,704.77**

Fusion Ed LLC
Profit and Loss
April 1 - August 15, 2018

	Total	
Income		
Management Fees		249,000.00
Total Income	**$**	**249,000.00**
Gross Profit	**$**	**249,000.00**
Expenses		
Bank Charges & Fees		1,660.00
Interest Paid		904.00
Legal & Professional Services		89,231.23
Total Expenses	**$**	**91,795.23**
Net Income	**$**	**157,204.77**

Rea & associates a brighter way

Life Skills Center of Cincinnati
Hamilton County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY

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Rea & associates a brighter way

December 28, 2015

To the Board of Directors
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Cincinnati, Hamilton Count, Ohio (the "School") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2015, 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.

Emphasis of a Matter

As described in Note 3, the School restated the June 30, 2014 net position balance to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the School's Proportionate Share of the Net Pension Liability*, and *Schedule of School Contributions* on pages 4-9, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Life Skills Center of Cincinnati's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

- In total, Net Position decreased $23,439 which represents a 4.9 percent change from 2014. This decrease is primarily due to the increase in federal grant income

- Total assets increased $50,966, which represents a 15.0 percent change from 2014. This increase is primarily due to the increase in state aid receivable.

- Liabilities decreased $48,593, which represents a 5.6 percent change from 2014. This was due primarily to the increase in continuing fees payable offset by a decrease in net pension liability.

- Deferred outflows of resources increased $2,372, which represents a 4.9 percent change from 2014. This change represents contractually required amounts due to GASB 68.

- Deferred inflows of resources increased $125,370, which was the first year in which it was recorded. This change is due to the implementation of GASB 68.

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows of resources related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from 285,782 to ($480,810).

Financial Highlights (continued)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implantation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $48,081 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows and deferred outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $36,942. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$	1,363,795
Pension expense under GASB 68		(36,942)
2015 contractually required contribution		43,925
Adjusted 2015 program expenses		1,370,778
Total 2014 program expenses under GASB 27		1,274,944
Increase in program expenses not related to pension	$	95,834

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how the School performed financially during 2015. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital, and current and long-term, using the accrual basis of accounting, which is the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's Net Position for fiscal year 2015 and fiscal year 2014.

(Table 1)

Statement of Net Position

	2015	Restated 2014
Assets		
Current Assets	$ 386,431	$ 328,668
Capital Assets, Net	4,867	11,664
Total Assets	391,298	340,332
Deferred Outflows of Resources		
Pension System	50,453	48,081
Liabilities		
Current Liabilities	135,938	54,550
Long Term Liabilities	684,692	814,673
Total Liabilities	820,630	869,223
Deferred Inflows of Resources		
Pension System	125,370	-
Net Position		
Investment in Capital Assets	4,867	11,664
Unrestricted	(509,116)	(492,474)
Total Net Position	$ (504,249)	$ (480,810)

Total assets increased $50,966 from 2014. This increase is related to the increase in state aid receivable. Deferred outflows of resources increased $2,372. Liabilities decreased by $48,593 from 2014. This decrease is related to the School's decrease in net pension liability partially offset by an increase in continuing fees payable. Deferred inflows of resources increased $125,370. The School operates under a management agreement with LS Cincinnati, LLC; under the terms of the management agreement, LS Cincinnati, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, Note 9). The changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68.

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2015 and fiscal year 2014, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2015	2014
Operating Revenue		
State Aid	$ 1,199,829	$ 1,031,964
Non-Operating Revenues		
Grants	112,565	175,882
Interest	149	62
Miscellaneous	27,813	-
Total Revenues	1,340,356	1,207,908
Operating Expenses		
Management Fees	1,145,836	985,525
Mgmt Fee Contra - Pension Funding	(43,925)	-
Grant Programs	112,565	175,882
Pension Expense	36,942	-
Sponsorship Fees	32,770	30,416
Legal	12,763	17,406
Insurance	8,478	11,370
Auditing and Accounting	13,005	5,875
Board of Education	37,964	41,178
Depreciation Expense	6,798	6,798
Advertising	-	42
Miscellaneous	599	452
Total Expenses	1,363,795	1,274,944
Change in Net Position	$ (23,439)	$ (67,036)

State aid revenues increased in 2015 due to an increase in enrollment. The School's most significant expense, "Management fees" increased, which is due directly to the increase in state aid received. "Grant programs" decreased because of the decrease in grant funding for the year and due to the management agreement in place during the audit period. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Cincinnati, LLC to fund operations.

Capital Assets

At the end of fiscal year 2015 the School had $4,867 invested in equipment and computer and software, which represents a decrease of $6,798 from last year. Table 3 shows the respective balances for both fiscal years 2015 and 2014.

(Table 3)

Capital Assets (Net of Depreciation)

	2015	2014
Equipment	$ 4,867	$ 7,940
Computers and Equipment	-	3,724
Totals	$ 4,867	$ 11,664

For more information on capital assets, see Note 8 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Cincinnati received revenue for 123 students in 2015 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,755 in fiscal year 2015. The School also receives revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, Note 9).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Cincinnati, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Current assets		
Cash and cash equivalents	$	292,151
State aid receivable		89,686
Continuing fees receivable		890
Grant funding receivable		3,704
Total current assets		386,431
Noncurrent assets		
Capital assets, net		4,867
Total assets		391,298
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		50,453
LIABILITIES		
Current liabilities		
Accounts payable		28,064
Continuing fees payable		104,169
Grant funding payable		3,705
Total current liabilities		135,938
Long term liabilities		
Net pension liability		684,692
Total liabilities		820,630
DEFERRED INFLOWS OF RESOURCES		
Pension system		125,370
NET POSITION		
Investment in capital assets		4,867
Unrestricted net position		(509,116)
Total net position	$	(504,249)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES		
State basic aid	$	1,182,022
Facilities aid		11,336
Casino revenue		6,471
Total operating revenues		1,199,829
OPERATING EXPENSES		
Management fees		1,145,836
Mgmt fee contra - pension funding		(43,925)
Grant programs		112,565
Sponsorship fees		32,770
Pension expense		36,942
Board of education		37,964
Legal		12,763
Accounting & auditing		13,005
Bank fees		599
Insurance: D&O & liability		8,478
Depreciation expense		6,798
Total operating expenses		1,363,795
Operating loss		(163,966)
NON-OPERATING REVENUE		
Grants		112,565
Miscellaneous revenue		27,813
Interest		149
Total non-operating revenue		140,527
Change in net position		(23,439)
Net position, June 30, 2014 (restated - see note 3)		(480,810)
Net position, June 30, 2015	$	(504,249)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,157,905
Cash payments to suppliers for goods and services		(1,331,244)
Net cash used for operating activities		(173,339)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		135,636
Cash received from miscellaneous revenue		27,813
Net cash received from noncapital financing activities		163,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		149
Net decrease in cash and cash equivalents		(9,741)
Cash and cash equivalents at beginning of year		301,892
Cash and cash equivalents at end of year	$	292,151
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(163,966)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		6,798
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(890)
State aid receivable		(89,686)
Deferred outflows of resources		(2,372)
Accounts payable		24,536
Grants funding payable		(41,924)
Net pension liability		(129,981)
Deferred inflows of resources		125,370
Management fees payable		98,776
Total adjustments		(9,373)
Net cash used for operating activities	$	(173,339)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Cincinnati (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Cincinnati, LLC for most of its functions (see Note 9).

The School signed a contract with St. Aloysius (the Sponsor) to operate for a period from July 1, 2013 through June 30, 2015. Subsequently, the School has signed an agreement with the Sponsor effective July 1, 2015, renewing once per year, expiring June 30, 2018. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Cincinnati, LLC. The facility is staffed with teaching personnel employed by LS Cincinnati, LLC, who provide services to 123 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2015. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2015, investments were limited to the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2015.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program and casino tax distributions which are reflected under "operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements, include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2015 school year totaled $1,312,394.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

The capital assets are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation, at $4,867. Depreciation is computed by the straight-line method over three years for “Computers and Software” and five years for “Equipment”.

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Cincinnati, LLC (see Note 9).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 12)

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported. The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$285,782
Adjustments:	
Net Pension Liability	(814,673)
Deferred Outflow - Payments Subsequent to Measurement Date	48,081
Restated Net Position June 30, 2014	($480,810)

Other than employer contributions subsequent to the measurement date, the School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all School deposits was $11,849. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, none of the School's bank balance of $11,849 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2015, the School had the following investments and maturities:

		Investment Maturities		
Investment type	Balance at fair value	6 months or less	7 to 12 months	Greater than 24 months
STAROhio	$ 280,302	$ 280,302	$ -	$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2015:

Investment type	Fair Value	% to Total
STAROhio	$ 280,302	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $3,704 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2015.

Under the terms of the management agreement (see Note 9), the School has recorded a liability to LS Cincinnati, LLC in the amount of $3,705 for 100 percent of any State and Federal monies uncollected or unpaid to LS Cincinnati, LLC as of June 30, 2015.

6. CONTINUING FEES PAYABLE

A "Continuing fees payable" to LS Cincinnati, LLC has been recorded by the School in the amount of $104,169 for remaining grants due to FTE adjustments and outstanding management fees.

7. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Cincinnati, LLC, LS Cincinnati, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 9). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $1,000,000 aggregate limit and a $25,000 deductible.

8. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2015, the School's capital assets consisted of the following:

	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Capital Assets Being Depreciated:				
Equipment	$ 15,369	$ -	$ -	$ 15,369
Computers and Software	11,172	-	-	11,172
Total Capital Assets Being Depreciated	26,541	-	-	26,541
Less Accumulated Depreciation:				
Equipment	(7,429)	(3,074)	-	(10,503)
Computers and Software	(7,447)	(3,724)	-	(11,171)
Total Accumulated Depreciation	(14,876)	(6,798)	-	(21,674)
Total Capital Assets Being Depreciated, Net	$ 11,665	$ (6,798)	$ -	$ 4,867

9. AGREEMENT WITH LS CINCINNATI, LLC

Effective June 19, 2009, the School renewed its management agreement (Agreement) with LS Cincinnati, LLC, which is an educational consulting and management company, which was additionally renewed on July 1, 2014. The Agreement's term will renew for additional, successive three (3) year terms unless one party notifies the other party on or before February 1st prior to the expiration of the then-current term of its intention to not renew the Agreement through June 30, 2020. Substantially all functions of the School have been contracted to LS Cincinnati, LLC. LS Cincinnati, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Cincinnati, LLC a monthly continuing fee of 95.5 percent of the School's "Qualified Gross Revenues", defined as all revenues and income received by the School except for charitable contributions. Also LS Cincinnati, LLC shall receive 100 percent of any and all grants

9. AGREEMENT WITH LS CINCINNATI, LLC (continued)

or funding of any kind generated by LS Cincinnati, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. This continuing fee is paid to LS Cincinnati, LLC based on the qualified gross revenues, after first paying the sponsor and any usual, customary and/or historical expenses. In the event the school's qualified revenues are insufficient to cover said expenses a payable will offset the expense, and annually shall be forgiven per the agreement.

The School had management fee expenses and grant program expenses for the year ended June 30, 2015, of $1,258,401, of which $107,874 was payable to LS Cincinnati, LLC as of June 30, 2015. LS Cincinnati, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel (excluding Ed Jobs personnel), curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

10. SPONSORSHIP FEES

The sponsor contract states that the School shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor contract. Such fees are paid to the Sponsor monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $32,770 in sponsorship fees to St. Aloysius.

11. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2015, LS Cincinnati, LLC and its affiliates incurred the following expenses on behalf of the School.

	2015
Expenses	
Direct Expenses:	
Salaries and wages	$ 283,675
Employees' benefits	72,054
Professional and technical services	134,394
Property services	169,232
Travel	2,786
Communications	36,057
Utilities	42,104
Transportation	11,160
Books, periodicals, and films	1,572
Food and related supplies	19,150
Other supplies	44,561
Depreciation	4,948
Other direct costs	43,003
Indirect Expenses:	
Overhead	319,483
Total Expenses	$ 1,184,179

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

12. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

B. Plan Description - School Employees Retirement System

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

12. DEFINED BENEFIT PENSION PLANS (continued)

A. Plan Description - School Employees Retirement System (continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $9,995 for fiscal year 2015. Of this amount, $0 is reported as an intergovernmental payable.

C. Plan Description - State Teachers Retirement System

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description - State Teachers Retirement System (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description - State Teachers Retirement System (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016.

For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $33,930 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$57,290	$627,402	$684,692
Proportion of the Net Pension Liability	0.00113200%	0.00257941%	
Pension Expense	$12,300	$24,642	$36,942

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$488	$6,040	$6,528
School District contributions subsequent to the measurement date	9,995	33,930	43,925
Total Deferred Outflows of Resources	$10,483	$39,970	$50,453
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$9,298	$116,072	$125,370
Total Deferred Inflows of Resources	$9,298	$116,072	$125,370

12. DEFINED BENEFIT PENSION PLANS (continued)

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

$43,925 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	($2,203)	($27,508)	($29,711)
2017	(2,203)	(27,508)	(29,711)
2018	(2,203)	(27,508)	(29,711)
2019	(2,201)	(27,508)	(29,709)
Total	($8,810)	($110,032)	($118,842)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$61,157	$57,290	$52,277

F. Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$631,637	$627,402	$572,504

G. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages. As of June 30, 2015, there were no members that elected Social Security.

13. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. LS Cincinnati, LLC's contributions on behalf of the School assigned to health care for the years ended June 30, 2015, 2014, and 2013, were $168, $181, and $0, respectively.

13. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 was $0, $2,578, and $3,120, respectively; 100 percent has been contributed for fiscal years 2015.

14. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

Life Skills Center of Cincinnati, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.001132%	0.001132%
School's Proportionate Share of the Net Pension Liability	$ 57,290	$ 67,316
School's Covered-Employee Payroll	$ 97,518	$ 33,382
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	58.75%	201.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Cincinnati, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.002579%	0.002579%
School's Proportionate Share of the Net Pension Liability	$ 627,402	$ 747,357
School's Covered-Employee Payroll	$ 265,885	$ 240,015
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.97%	311.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Cincinnati, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 9,995	$ 13,516	$ 4,620	$ 7,365
Contributions in Relation to the Contractually Required Contribution	(9,995)	(13,516)	(4,620)	(7,365)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 75,835	$ 97,518	$ 33,382	$ 54,758
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

Life Skills Center of Cincinnati, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 9,858	$ 10,583	$ 8,446	$ 9,075	$ 13,055	$ 31,288
(9,858)	(10,583)	(8,446)	(9,075)	(13,055)	(31,288)
$ -	$ -	$ -	$ -	$ -	$ -
$ 78,425	$ 78,161	$ 85,833	$ 92,413	$ 122,238	$ 295,728
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Life Skills Center of Cincinnati, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 33,930	$ 34,565	$ 31,202	$ 48,032
Contributions in Relation to the Contractually Required Contribution	(33,930)	(34,565)	(31,202)	(48,032)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 242,357	$ 265,885	$ 240,015	$ 369,477
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

Life Skills Center of Cincinnati, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 76,731	$ 81,733	$ 75,072	$ 76,519	$ 103,576	$ 107,416
(76,731)	(81,733)	(75,072)	(76,519)	(103,576)	(107,416)
$ -	$ -	$ -	$ -	$ -	$ -
$ 590,238	$ 628,715	$ 577,477	$ 588,608	$ 796,738	$ 826,277
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 28, 2015

To the Board of Directors
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Cincinnati, Hamilton County, Ohio (the "School") as of and for the year ended June 30, 2015, 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 28, 2015, in which we noted the School restated the June 30, 2014 net position to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*."

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Cincinnati
Hamilton County, Ohio

Management Letter

June 30, 2015

Rea & associates a brighter way

December 28, 2015

To the Board of Directors
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Cincinnati, Hamilton County Ohio (the "School"), as of and for the year ended June 30, 2015, and have issued our report thereon dated December 28, 2015.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated December 28, 2015 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2015.

We are submitting for your consideration the following comments on the School's internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present significant deficiencies, we believe represent areas for which improvements in internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2016 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

Opportunities for Business Improvement

Electronic Funds Transfer

Per the Third Amendment to the Management Agreement, executed on July 1, 2014, the School shall pay first from the School's revenues usual, customary, and/or historical expenses, which must be reasonable, including but not limited to auditor's fees, attorney's fees, legal notice fees, insurance premiums, board stipends, and other miscellaneous fees such as membership dues, etc. In the event that School Revenues are insufficient to pay the monthly School Expenses the School's duly appointed Treasurer shall, after paying the Sponsor Fee, pay the School Expenses first before paying the Continuing Fee and shall enter upon the School's books a Continuing Fee Payable for any portion of the Continuing Fee that has not been paid by the School. Periodically in the discretion of the Treasurer, but no later than the end of the Fiscal Year, School Revenues shall be used to reduce to zero if possible the Continuing Fee Payable. At the end of each fiscal year, the balance of any Continuing Fee Payable incurred during the Fiscal Year shall be forgiven by operation of this Agreement. Furthermore, the Agreement states that the School shall cooperate with the Management Company to set up and establish the necessary accounts and procedures such that the School shall automatically transfer the funds received from the State when such funds are immediately available in the School's accounts.

During our review of the monthly process to reconcile and arrive at the Continue Fee balance, we noted the Agreement in place does not specifically state whether the financial transactions should be done using GAAP or Cash Basis of accounting. The contract also describes a process for payment which is in conflict with how the payment actually occurs. In addition, it was unclear as to how soon after month end this reconciliation should be performed. Finally, we noted that the funds transferred to the Management Company are being initiated by the Management Company as opposed to by the School Treasurer.

We recommend that all parties involved in the terms of the aforementioned Agreement review the details of the Agreement to determine if the applicable revenues and expenses used are determined on a GAAP or Cash Basis. This will help determine the timing as to when the reconciliations should be completed after the stated period end. We believe implementing these recommendations will more clearly identify a cut-off period in which it can be determined what "costs" need to be paid at a point in time during the year in order to properly determine the amounts left available to pay the Management Company, of which could result in any ending Continuing Fee payable at month or year-end. In addition, we recommend the Treasurer implement procedures in order to be the initiator of the funds transfer to the Management Company in accordance with the aforementioned Agreement.

Rea & associates a brighter way

Life Skills Center of Cincinnati
Hamilton County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY

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December 27, 2016

To the Board of Directors
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Cincinnati, Hamilton County, Ohio, (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2016, and the changes in financial position and the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the ***Management's Discussion and Analysis***, the ***Schedule of the School's Proportionate Share of the Net Pension Liability,*** and ***Schedule of School Contributions*** on pages 4–8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 27, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Life Skills Center of Cincinnati's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

- In total, Net Position decreased $10,743 which represents a 2.1 percent change from 2015. This decrease is primarily due to the increase in state aid offset by an increase in expenses.

- Total assets decreased $90,166, which represents a 23.0 percent change from 2015. This decrease is primarily due to the decrease in state aid receivable.

- Liabilities decreased $84,258, which represents 10.3 percent change from 2015. This was due primarily to the decrease in continuing fees payable.

- Deferred outflows of resources increased $16,948, which represents a 33.6 percent change from 2015. This change represents contractually required amounts due to GASB 68.

- Deferred inflows of resources increased $21,782, which represents a 17.4 percent change from 2015. This change represents contractually required amounts due to GASB 68.

During 2015, the School adopted GASB Statement 68, ***Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,*** which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows of resources related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system ***as against the public employer***. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows of resources.

Using this Financial Report

This report consists of three parts, the required supplementary information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how the School performed financially during 2016. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital, and current and long-term, using the accrual basis of accounting, which is the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's Net Position for fiscal year 2016 and fiscal year 2015.

(Table 1)

Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 299,339	$ 386,431
Capital Assets, Net	1,793	4,868
Total Assets	301,132	391,299
Deferred Outflows of Resources		
Pension System	67,401	50,453
Liabilities		
Current Liabilities	65,747	135,938
Long Term Liabilities	670,625	684,692
Total Liabilities	736,372	820,630
Deferred Inflows of Resources		
Pension System	147,152	125,370
Net Position		
Investment in Capital Assets	1,793	4,868
Unrestricted	(516,784)	(509,116)
Total Net Position	$ (514,991)	$ (504,248)

Total assets decreased $90,166 from 2015. This decrease is primarily due to the decrease in state aid receivable. Deferred outflows of resources increased $16,948. Liabilities decreased by $84,258 from 2015. This decrease is primarily due to the School's decrease in continuing fees payable. Deferred inflows of resources increased $21,782. The changes in deferred outflows and inflows of resources were impacted by GASB 68. The School operates under a management agreement with LS Cincinnati, LLC; under the terms of the management agreement, LS Cincinnati, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, note 9).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2016 and 2015, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2016	2015
Operating Revenue		
State Aid	$ 1,292,274	$ 1,199,829
Non-Operating Revenues		
Grants	146,617	112,565
Interest	602	149
Miscellaneous	15,720	27,813
Total Revenues	1,455,213	1,340,356
Operating Expenses		
Purchased Services: Management Fees	1,234,046	1,145,836
Mgmt Fee Reduction	(13,290)	-
Mgmt Fee Contra - Pension Funding	(38,015)	(43,925)
Purchased Services: Grant Programs	146,617	112,565
Pension	28,782	36,942
Sponsorship Fees	40,352	32,770
Legal	15,175	12,763
Insurance: D&O and Liability	7,085	8,478
Auditing and Accounting	20,764	13,005
Board of Education	20,965	37,964
Depreciation	3,074	6,798
Bank Fees	401	599
Total Expenses	1,465,956	1,363,795
Change in Net Position	$ (10,743)	$ (23,439)

The School's operating and non-operating revenues in 2016 were based on the School's full-time equivalent (FTE) count of 138 and the School's federal grant funding received throughout the year. The increase in School's revenue was primarily caused by the increase in student enrollment. The School's most significant expenses, "Purchased services: management fees" are a result of the management agreement in place between the School and LS Cincinnati, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Cincinnati, LLC to fund operations (see notes to the financial statements, note 9).

Capital Assets

At the end of fiscal year 2016 the School had $1,793 invested in equipment, which represents a decrease of $3,074 from last year. Table 3 shows the balance for fiscal year 2016 compared to 2015.

(Table 3)

Capital Assets (Net of Depreciation)

	2016	2015
Equipment	$ 1,793	$ 4,867
Totals	$ 1,793	$ 4,867

For more information on capital assets, see Note 8 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Cincinnati received revenue for 138 students in 2016 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,364 in fiscal year 2016. The School also receives revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 9).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Cincinnati, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS		
Current assets		
Cash and cash equivalents	$	265,670
State aid receivable		8,724
Continuing fees receivable		13,290
Prepaid insurance		1,392
Grant funding receivable		10,263
Total current assets		299,339
Noncurrent assets		
Capital assets, net		1,793
Total assets		301,132
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		67,401
LIABILITIES		
Current liabilities		
Accounts payable		2,727
Continuing fees payable		8,256
State grants payable		172
Grant funding payable		54,592
Total current liabilities		65,747
Long term liabilities		
Net pension liability		670,625
Total liabilities		736,372
DEFERRED INFLOWS OF RESOURCES		
Pension system		147,152
NET POSITION		
Invested in capital assets		1,793
Unrestricted net position		(516,784)
Total net position	$	(514,991)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES		
State basic aid	$	1,264,095
Facilities aid		20,709
Graduation bonus		49
Casino revenue		7,421
Total operating revenues		1,292,274
OPERATING EXPENSES		
Purchased services - Management fees		1,234,046
Mgmt fee reduction		(13,290)
Mgmt fee contra - Pension funding		(38,015)
Purchased services- Grant programs		141,762
Sponsorship fees		40,352
Board of education		20,965
Legal		15,175
Accounting & auditing		20,764
Bank fees		401
Insurance: D&O & liability		7,085
Purchased services - State grant		4,855
Pension		28,782
Depreciation		3,074
Total operating expenses		1,465,956
Operating loss		(173,682)
NON-OPERATING REVENUES		
Grants		141,762
Miscellaneous revenue		15,720
State grant income		4,855
Interest		602
Total non-operating revenues		162,939
Change in net position		(10,743)
Net position, July 1, 2015		(504,248)
Net position, June 30, 2016	$	(514,991)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,343,161
Cash payments to suppliers for goods and services		(1,526,025)
Net cash used for operating activities		(182,864)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		140,061
Cash received from miscellaneous revenue		15,720
Net cash received from noncapital financing activities		155,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		602
Net decrease in cash and cash equivalents		(26,481)
Cash and cash equivalents at beginning of year		292,151
Cash and cash equivalents at end of year	$	265,670
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(173,682)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		3,074
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(12,400)
State aid receivable		80,962
Prepaid insurance		(1,392)
Deferred outflows of resources		(16,948)
Accounts payable		(25,338)
Grants funding payable		50,887
State grant payable		172
Net pension liability		(14,067)
Deferred inflows of resources		21,782
Continuing fees payable		(95,914)
Total adjustments		(9,182)
Net cash used for operating activities	$	(182,864)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Cincinnati (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Cincinnati, LLC for most of its functions (see Note 9).

The School signed a contract with St. Aloysius (the Sponsor) to operate for a period from July 1, 2013 through June 30, 2015. Subsequently, the School has signed an agreement with the Sponsor effective July 1, 2015, renewing once per year, expiring June 30, 2018. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Cincinnati, LLC. The facility is staffed with teaching personnel employed by LS Cincinnati, LLC who provide services to 138 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2016. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2016, investments were limited to the State Treasurer's Investment Pool, STAR Ohio. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2016.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, 3rd Grade Reading, Facilities Aid and casino tax distributions, which are reflected under "Operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenue in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements, include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2016 school year totaled $1,438,891.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

The capital assets are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation, at $1,793. Depreciation is computed by the straight-line method over five years for “Equipment”.

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Cincinnati, LLC (see Note 9).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position consists of capital assets, net of accumulated depreciation, and unrestricted.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 12)

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all School deposits was $80,379. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, none of the School's bank balance of $80,379 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at t/he Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2016, the School had the following investments and maturities:

	Investment Maturities	
Investment type	Measurement value	6 months or less
STAROhio	$ 185,291	$ 185,291

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2016:

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

4. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Investment type	Measurement Value	% to Total
STAROhio	$ 185,291	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $10,263 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2016.

Under the terms of the management agreement (see Note 9), the School has recorded a liability to LS Cincinnati, LLC in the amount of $54,764 for 100 percent of any State and Federal monies uncollected or unpaid to LS Cincinnati, LLC as of June 30, 2016.

6. CONTINUING FEES PAYABLE/RECEIVABLE

A "Continuing fees payable" to LS Cincinnati, LLC has been recorded by the School in the amount of $8,256 for remaining grants due to FTE adjustments and outstanding management fees. A "Continuing fee receivable" was booked for the amount of the management fee adjustment due to the contract with the management company (see Note 9). The School has recorded "State aid receivable" in the amount of $8,724 to account for state aid allocated to the School, but not received as of June 30, 2016.

7. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Cincinnati, LLC, LS Cincinnati, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 9). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $15,000, or $50,000 deductible, depending on the claim.

8. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2016, the School's capital assets consisted of the following:

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Capital Assets Being Depreciated:				
Equipment	$ 15,396	$ -	$ -	$ 15,396
Total Capital Assets Being Depreciated	15,396	-	-	15,396
Less Accumulated Depreciation:				
Equipment	(10,529)	(3,074)	-	(13,603)
Total Accumulated Depreciation	(10,529)	(3,074)	-	(13,603)
Total Capital Assets Being Depreciated, Net	$ 4,867	$ (3,074)	$ -	$ 1,793

9. AGREEMENT WITH LS CINCINNATI, LLC

Effective June 19, 2009, the School renewed its management agreement (Agreement) with LS Cincinnati, LLC, which is an educational consulting and management company. The Agreement's term will renew for additional, successive five (5) year terms unless one party notifies the other party on or before February 1st prior to the expiration of the then-current term of its intention to not renew the Agreement. Substantially all functions of the School have been contracted to LS Cincinnati, LLC. LS Cincinnati, LLC is responsible and accountable to the School's Board of

Directors for the administration and operation of the School. The School is required to pay LS Cincinnati, LLC a monthly continuing fee of 95.5 percent of the School's "Qualified Gross Revenues", defined as all revenues and income received by the School except for charitable contributions. Also LS Cincinnati, LLC shall receive 100 percent of any and all grants (except Ed Jobs) or funding of any kind generated by LS Cincinnati, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. This continuing fee is paid to LS Cincinnati, LLC based on the qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2016, of $1,380,663, of which $63,020 was payable to LS Cincinnati, LLC as of June 30, 2016. LS Cincinnati, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel (excluding Ed Jobs personnel), curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

10. SPONSORSHIP FEES

Under Paragraph D(5) of the sponsor contract with SAO, it states that the School "…shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to the Sponsor monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $40,352 in sponsorship fees to St. Aloysius.

11. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2016, LS Cincinnati, LLC and its affiliates incurred the following expenses on behalf of the School.

	2016
Expenses	
Direct Expenses:	
Salaries and wages	$ 372,771
Employees' benefits	85,537
Professional and technical services	188,079
Property services	158,424
Travel	8,995
Communications	58,243
Utilities	35,322
Transportation	10,517
Books, periodicals, and films	1,450
Food and related supplies	31,839
Other supplies	56,688
Depreciation	5,279
Interest	81
Other direct costs	54,408
Indirect Expenses:	
Overhead	335,295
Total Expenses	$ 1,402,928

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

12. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services.

12. DEFINED BENEFIT PENSION PLANS (continued)

A. Net Pension Liability (continued)

Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $6,824 for fiscal year 2016.

C. Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description - State Teachers Retirement System (STRS)(continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $31,191 for fiscal year 2016.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$63,212	$607,413	$670,625
Proportion of the Net Pension Liability	0.00110780%	0.00219782%	
Pension Expense	$9,394	$19,388	$28,782

12. DEFINED BENEFIT PENSION PLANS (continued)

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

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,026	$28,360	$29,386
School District contributions subsequent to the measurement date	6,824	31,191	38,015
Total Deferred Outflows of Resources	$7,850	$59,551	$67,401
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$2,243	$56,563	$58,806
Changes in proportion and differences	1,070	87,276	88,346
Total Deferred Inflows of Resources	$3,313	$143,839	$147,152

$38,015 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	$ (35,746)	$ (1,150)	$ (36,896)
2018	(35,746)	(1,150)	(36,896)
2019	(35,746)	(1,152)	(36,898)
2020	(8,241)	1,165	(7,076)
	$ (115,479)	$ (2,287)	$ (117,766)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$87,653	$63,212	$42,631

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$843,743	$607,413	$407,561

13. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

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

13. POSTEMPLOYMENT BENEFITS (continued)

A. School Employee Retirement System (continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School's contribution for healthcare (including surcharge) for fiscal year ending June 30, 2016, 2015, and 2014 was $50, $168, and $181, respectively.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 was $0, $0, and $2,578, respectively; 100 percent has been contributed for fiscal years 2016, 2015, 2014.

14. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 and 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.110780%	0.001132%	0.001132%
School's Proportionate Share of the Net Pension Liability	$ 63,212	$ 57,290	$ 67,316
School's Covered-Employee Payroll	$ 75,835	$ 33,232	$ 33,382
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	83.35%	172.39%	201.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.00219782%	0.002579%	0.002579%
School's Proportionate Share of the Net Pension Liability	$ 607,413	$ 627,402	$ 747,357
School's Covered-Employee Payroll	$ 242,357	$ 277,646	$ 240,015
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	250.63%	225.97%	311.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Cincinnati
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$ 6,824	$ 9,995	$ 4,606	$ 4,620
Contributions in Relation to the Contractually Required Contribution	(6,824)	(9,995)	(4,606)	(4,620)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 48,743	$ 75,835	$ 33,232	$ 33,382
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

Life Skills Center of Cincinnati
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2012	2011	2010	2009	2008	2007
$ 7,365	$ 9,858	$ 10,583	$ 8,446	$ 9,075	$ 13,055
(7,365)	(9,858)	(10,583)	(8,446)	(9,075)	(13,055)
$ -	$ -	$ -	$ -	$ -	$ -
$ 54,758	$ 78,425	$ 78,161	$ 85,833	$ 92,413	$ 122,238
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Life Skills Center of Cincinnati
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$ 31,191	$ 33,930	$ 36,094	$ 31,202
Contributions in Relation to the Contractually Required Contribution	(31,191)	(33,930)	(36,094)	(31,202)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 222,793	$ 242,357	$ 277,646	$ 240,015
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

Life Skills Center of Cincinnati
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2012	2011	2010	2009	2008	2007
$ 48,032	$ 76,731	$ 81,733	$ 75,072	$ 76,519	$ 103,576
(48,032)	(76,731)	(81,733)	(75,072)	(76,519)	(103,576)
$ -	$ -	$ -	$ -	$ -	$ -
$ 369,477	$ 590,238	$ 628,715	$ 577,477	$ 588,608	$ 796,738
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 27, 2016

To the Board of Directors
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Cincinnati, Hamilton County, Ohio (the "School") as of and for the year ended June 30, 2016, 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 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Cincinnati
Hamilton County, Ohio

Management Letter

June 30, 2016

Rea & associates a brighter way

December 27, 2016

To the Board of Directors, Sponsor and Management
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Cincinnati, Hamilton County Ohio (the "School"), as of and for the year ended June 30, 2016, and have issued our report thereon dated December 27, 2016.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated December 27, 2016 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2016.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2017 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2015, to June 30, 2016. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38 states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2016 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.

Life Skills Center of Cincinnati
Hamilton County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY

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January 19, 2018

To the Board of Directors
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Cincinnati, Hamilton County, Ohio, (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4–8, 31-32, and 33-36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

- In total, Net Position decreased $68,938 which represents a 13.4 percent change from 2016. This decrease is primarily due to increases in operating expenses and pension expense resulting from the effects of GASB 68 and a decrease in grants revenue.

- Total assets decreased $73,988, which represents a 24.6 percent change from 2016. This decrease is primarily due to the decrease in cash and cash equivalents from operations and state aid receivable.

- Liabilities increased $345,376, which represents 46.9 percent change from 2016. This increase is primarily due to the School's increase in net pension liability offset by a decrease in grant funding payable.

- Deferred outflows of resources increased $269,459, which represents a 399.8 percent change from 2016. This change represents contractually required amounts resulting from the effects of GASB 68.

- Deferred inflows of resources decreased $80,967, which represents a 55.0 percent change from 2016. This change represents the effects due to GASB 68.

During a prior year, the School adopted GASB Statement 68, ***Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,*** which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows of resources related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

Financial Highlights (continued)

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows of resources.

Using this Financial Report

This report consists of three parts, the required supplementary information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how the School performed financially during 2017. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital, and current and long-term, using the accrual basis of accounting, which is the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

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

(Table 1)
Statement of Net Position

	2017	2016
Assets		
Current Assets	$ 227,144	$ 299,339
Capital Assets, Net	-	1,793
Total Assets	227,144	301,132
Deferred Outflows of Resources		
Pension System	336,860	67,401
Liabilities		
Current Liabilities	16,506	65,747
Long Term Liabilities	1,065,242	670,625
Total Liabilities	1,081,748	736,372
Deferred Inflows of Resources		
Pension System	66,185	147,152
Net Position		
Investment in Capital Assets	-	1,793
Unrestricted	(583,929)	(516,784)
Total Net Position	$ (583,929)	$ (514,991)

Total assets decreased $73,988 from 2016. This decrease is primarily due to the decrease in cash and cash equivalents from operations and state aid receivable. Deferred outflows of resources increased $269,459. Liabilities increased by $345,376 from 2016. This increase is primarily due to the School's increase in net pension liability offset by a decrease in grant funding payable. Deferred inflows of resources decreased $80,967. The changes in deferred outflows and inflows of resources were impacted by GASB 68. The School operates under a management agreement with LS Cincinnati, LLC; under the terms of the management agreement, LS Cincinnati, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, note 9).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2017 and 2016, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2017	2016
Operating Revenue		
State Aid	$ 1,288,980	$ 1,292,274
Non-Operating Revenues		
Grants	97,090	146,617
Interest	1,314	602
Miscellaneous	27,352	15,720
Total Revenues	1,414,736	1,455,213
Operating Expenses		
Purchased Services: Management Fees	1,231,050	1,234,046
Mgmt Fee Reduction	(10,634)	(13,290)
Purchased Services: Grant Programs	97,090	146,617
Pension	44,191	(9,233)
Sponsorship Fees	38,270	40,352
Legal	13,061	15,175
Insurance: D&O and Liability	8,477	7,085
Auditing and Accounting	23,070	20,764
Board of Education	37,306	20,965
Depreciation	1,793	3,074
Bank Fees	-	401
Total Expenses	1,483,674	1,465,956
Change in Net Position	$ (68,938)	$ (10,743)

The School's operating and non-operating revenues in 2017 were based on the School's full-time equivalent (FTE) count of 139 and the School's federal grant funding received throughout the year. The School's most significant expenses, "Purchased services: management fees" are a result of the management agreement in place between the School and LS Cincinnati, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Cincinnati, LLC to fund operations (see notes to the financial statements, note 9).

Capital Assets

At the end of fiscal year 2017 the School had $0 invested in equipment, which represents a decrease of $1,793 from last year. Table 3 shows the balance for fiscal year 2017 compared to 2016.

(Table 3)

Capital Assets (Net of Depreciation)

	2017	2016
Equipment	$ -	$ 1,793
Totals	$ -	$ 1,793

For more information on capital assets, see Note 8 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Cincinnati received revenue for 139 students in 2017 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,273 in fiscal year 2017. The School also receives revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 9).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Cincinnati, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Current assets		
Cash and cash equivalents	$	211,421
Continuing fees receivable		10,131
Prepaid insurance		1,392
Grant funding receivable		4,200
Total current assets		227,144
Total assets		227,144
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		336,860
LIABILITIES		
Current liabilities		
Accounts payable		10,056
Continuing fees payable		1,029
State aid payable		1,241
Grant funding payable		4,180
Total current liabilities		16,506
Long term liabilities		
Net pension liability		1,065,242
Total liabilities		1,081,748
DEFERRED INFLOWS OF RESOURCES		
Pension system		66,185
NET POSITION		
Unrestricted net position		(583,929)
Total net position	$	(583,929)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES		
State basic aid	$	1,253,547
Facilities aid		28,342
Graduation bonus		54
Casino revenue		7,037
Total operating revenues		1,288,980
OPERATING EXPENSES		
Purchased services: Management fees		1,231,050
Management fee reduction		(10,634)
Purchased services: Grant programs		96,590
Purchased services: State grant		500
Sponsorship fees		38,270
Board of education		37,306
Legal		13,061
Accounting & auditing		23,070
Insurance: D&O & liability		8,477
Pension		44,191
Depreciation		1,793
Total operating expenses		1,483,674
Operating loss		(194,694)
NON-OPERATING REVENUES		
Grants		96,590
Miscellaneous revenue		27,352
State grant income		500
Interest		1,314
Total non-operating revenues		125,756
Change in net position		(68,938)
Net position, July 1, 2016		(514,991)
Net position, June 30, 2017	$	(583,929)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF CINCINNATI
HAMILTON COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,310,116
Cash payments to suppliers for goods and services		(1,496,184)
Net cash used for operating activities		(186,068)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		103,153
Cash received from miscellaneous revenue		27,352
Net cash received from noncapital financing activities		130,505
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		1,314
Net decrease in cash and cash equivalents		(54,249)
Cash and cash equivalents at beginning of year		265,670
Cash and cash equivalents at end of year	$	211,421
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(194,694)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		1,793
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		3,159
State aid receivable		8,724
Deferred outflows of resources		(269,459)
Accounts payable		7,330
Grants funding payable		(50,412)
State aid payable		1,241
State grant payable		(172)
Net pension liability		394,617
Deferred inflows of resources		(80,967)
Continuing fees payable		(7,228)
Total adjustments		8,626
Net cash used for operating activities	$	(186,068)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Cincinnati (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Cincinnati, LLC for most of its functions (see Note 9).

The School has signed an agreement with St. Aloysius (Sponsor) effective July 1, 2016, renewing once per year, expiring June 30, 2018. The School operates under a self-appointing, Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Cincinnati, LLC. The facility is staffed with teaching personnel employed by LS Cincinnati, LLC who provide services to 139 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2017. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2017, 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 investments 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 their 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.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, 3rd Grade Reading, Facilities Aid and casino tax distributions, which are reflected under "Operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenue in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements, include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2017 school year totaled $1,386,070.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

The School's capital assets were fully depreciated during the year ended June 30, 2017 (see Note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position consists of capital assets, net of accumulated depreciation, and unrestricted.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 12)

3. CHANGE IN ACCOUNTING PRINCIPLES

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

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

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

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

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

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all School deposits was $133,123. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, none of the School's bank balance of $133,123 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at t/he Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2017, the School had the following investments and maturities:

		Investment Maturities
Investment type	Measurement value	6 months or less
STAROhio	$ 78,299	$ 78,299

The School categorized its fair value measurements within the 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 the School recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its net asset value (NAV). All other investments of the School are value using quoted market prices (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days and carries a rating of AAAm by S&P Global Ratings.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

4. DEPOSITS AND INVESTMENTS (continued)

B. 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 School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2017:

Investment type	Measurement Value	% to Total
STAROhio	$ 78,299	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $4,200 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2017.

Under the terms of the management agreement (see Note 9), the School has recorded a liability to LS Cincinnati, LLC in the amount of $4,180 for 100 percent of any State and Federal monies uncollected or unpaid to LS Cincinnati, LLC as of June 30, 2017.

6. CONTINUING FEES PAYABLE/RECEIVABLE

A "Continuing fees payable" to LS Cincinnati, LLC has been recorded by the School in the amount of $1,029 for remaining grants due to FTE adjustments and outstanding management fees. A "Continuing fees receivable" was booked for the amount of $10,131 due from the management company (see Note 9).

7. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Cincinnati, LLC, LS Cincinnati, LLC has contracted with an insurance company for property and general liability insurance pursuant to the Management agreement (see note 9). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $15,000, or $50,000 deductible, depending on the claim.

8. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2017, the School's capital assets consisted of the following:

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Capital Assets Being Depreciated:				
Equipment	$ 15,396	$ -	$ -	$ 15,396
Total Capital Assets Being Depreciated	15,396	-	-	15,396
Less Accumulated Depreciation:				
Equipment	(13,603)	(1,793)	-	(15,396)
Total Accumulated Depreciation	(13,603)	(1,793)	-	(15,396)
Total Capital Assets Being Depreciated, Net	$ 1,793	$ (1,793)	$ -	$ -

9. AGREEMENT WITH LS CINCINNATI, LLC

Effective June 19, 2009, the School renewed its management agreement (Agreement) with LS Cincinnati, LLC, which is an educational consulting and Management Company. The Agreement's term will renew for additional, successive five (5) year terms unless one party notifies the other party on or before February 1st prior to the expiration of the then-current term of its intention to not renew the Agreement. Substantially all functions of the School have been contracted to LS Cincinnati, LLC. LS Cincinnati, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Cincinnati, LLC a monthly continuing fee of 95.5 percent of the School's "Qualified Gross Revenues", defined as all revenues and income received by the School except for charitable contributions. Also LS Cincinnati, LLC shall receive 100 percent of any and all grants or funding of any kind generated by LS Cincinnati, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. This continuing fee is paid to LS Cincinnati, LLC based on the qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2017, of $1,317,506, of which $10,131 was receivable from LS Cincinnati, LLC as of June 30, 2017. LS Cincinnati, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

10. SPONSORSHIP FEES

Under Paragraph D(5) of the sponsor contract with St. Aloysius, it states that the School "…shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to the Sponsor monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $38,270 in sponsorship fees to St. Aloysius.

11. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2017, LS Cincinnati, LLC and its affiliates incurred the following expenses on behalf of the School.

		Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Vocational Instruction (1300 Function Codes)	Support Services (2000 Function Codes)	Total
		1100	1200	1300	2000	
Direct Expenses:						
Salaries & Wages	100	$ 140,972	$ 51,181	$ -	$ 168,851	$ 361,004
Employee Benefits	200	32,308	11,730	-	38,697	82,735
Professional & Technical Services	410	57,571	35,892	19,553	68,956	181,972
Property Services	420	55,847	20,276	1,417	66,891	144,431
Utilities	450	13,578	4,930	345	16,264	35,117
Transportation	480	3,549	1,289	90	4,251	9,179
Supplies	500	23,314	9,154	4,731	27,924	65,123
Buildings	620	166	60	4	198	428
All other Capital Outlay	650-690	1,008	366	26	1,207	2,607
Other Direct Costs	860	64,367	23,369	1,633	77,096	166,465
Indirect Expenses:						
Overhead		103,519	37,583	2,627	123,990	267,719
Total Expenses		**$ 167,886**	**$ 195,830**	**$ 30,426**	**$ 594,325**	**$ 1,316,780**

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

12. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services.

12. DEFINED BENEFIT PENSION PLANS (continued)

A. Net Pension Liability (continued)

Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

B. Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

12. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description - School Employees Retirement System (SERS)

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

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

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

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

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

The School's contractually required contribution to SERS was $7,263 for fiscal year 2017.

C. Plan Description - State Teachers Retirement System (STRS)

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description - State Teachers Retirement System (STRS) (continued)

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description - State Teachers Retirement System (STRS) (continued)

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

The School's contractually required contribution to STRS was $39,274 for fiscal year 2017.

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

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

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	$ 916,043	$ 149,199	$ 1,065,242
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00273666%	0.00203850%	
Prior Measurement Date	0.00219782%	0.00110780%	
Change in Proportionate Share	0.00053884%	0.00093070%	
Pension Expense	$ 61,755	$ 28,973	$ 90,728

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

12. DEFINED BENEFIT PENSION PLANS (continued)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$2,011	$37,013	$39,024
Net difference between projected and actual earnings on pension plan investments	12,306	76,055	88,361
Changes of assumptions	9,960	0	9,960
Changes in proportion and differences			
Difference between School District contributions and proportionate share of contributions	38,002	114,976	152,978
School District contributions subsequent to the measurement date	7,263	39,274	46,537
Total Deferred Outflows of Resources	$ 69,542	$ 267,318	$ 336,860
Deferred Inflows of Resources			
Difference between School District contributions and proportionate share of contributions	$ 728	$ 65,457	$ 66,185
Total Deferred Inflows of Resources	$ 728	$ 65,457	$ 66,185

$46,537 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$ 19,706	$ 24,827	$ 44,533
2019	19,696	24,827	44,523
2020	18,613	54,011	72,624
2021	3,536	58,922	62,458
	$ 61,551	$ 162,587	$ 224,138

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	$197,531	$149,199	$108,744

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions - STRS

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

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61%

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

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$1,217,346	$916,043	$661,875

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School's net pension liability is expected to be significant.

13. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM (SERS)

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

13. POSTEMPLOYMENT BENEFITS (continued)

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM (SERS) (continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School's surcharge obligation was $1,023

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School's contributions for health care for the fiscal year ended June 30, 2015, was $168. The full amount has been contributed for fiscal year 2015.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

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

14. CONTINGENCIES

A. Grants

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

B. Enrollment FTE

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE has not performed such a review on the School for fiscal year 2017.

As of the date of this report, all ODE adjustments through fiscal year 2017 have been completed.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2017 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

C. Litigation

The School is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

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

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
School's Proportion of the Net Pension Liability	0.00203850%	0.00110780%	0.00113200%	0.00113200%
School's Proportionate Share of the Net Pension Liability	$ 149,199	$ 63,212	$ 57,290	$ 67,316
School's Covered-Employee Payroll	$ 48,743	$ 75,835	$ 33,232	$ 33,382
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	306.09%	83.36%	172.39%	201.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:

School Employees Retirement System (SERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
School's Proportion of the Net Pension Liability	0.00273666%	0.00219782%	0.00257941%	0.00257941%
School's Proportionate Share of the Net Pension Liability	$ 916,043	$ 607,413	$ 627,402	$ 747,357
School's Covered-Employee Payroll	$ 222,793	$ 242,357	$ 277,646	$ 240,015
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	411.16%	250.63%	225.97%	311.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Life Skills Center of Cincinnati
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 39,274	$ 31,191	$ 33,930	$ 36,094
Contributions in Relation to the Contractually Required Contribution	(39,274)	(31,191)	(33,930)	(36,094)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 280,529	$ 222,793	$ 242,357	$ 277,646
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

Life Skills Center of Cincinnati
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 31,202	$ 48,032	$ 76,731	$ 81,733	$ 75,072	$ 76,519
(31,202)	(48,032)	(76,731)	(81,733)	(75,072)	(76,519)
$ -	$ -	$ -	$ -	$ -	$ -
$ 240,015	$ 369,477	$ 590,238	$ 628,715	$ 577,477	$ 588,608
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Life Skills Center of Cincinnati
Required Supplementary Information
Schedule of School Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 7,263	$ 6,824	$ 9,995	$ 4,606
Contributions in Relation to the Contractually Required Contribution	(7,263)	(6,824)	(9,995)	(4,606)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 51,879	$ 48,743	$ 75,835	$ 33,232
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

Life Skills Center of Cincinnati
Required Supplementary Information
Schedule of School Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 4,620	$ 7,365	$ 9,858	$ 10,583	$ 8,446	$ 9,075
(4,620)	(7,365)	(9,858)	(10,583)	(8,446)	(9,075)
$ -	$ -	$ -	$ -	$ -	$ -
$ 33,382	$ 54,758	$ 78,425	$ 78,161	$ 85,833	$ 92,413
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

January 19, 2018

To the Board of Directors
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Cincinnati, Hamilton County, Ohio (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Cincinnati
Hamilton County, Ohio

Management Letter

June 30, 2017

Rea & associates a brighter way

January 19, 2018

To the Board of Directors, Sponsor and Management
Life Skills Center of Cincinnati
Hamilton County, Ohio
2612 Gilbert Avenue
Cincinnati, Ohio 45206

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Cincinnati, Hamilton County Ohio (the "School"), as of and for the year ended June 30, 2017, and have issued our report thereon dated January 19, 2018.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated January 19, 2018 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2017.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2018 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2016, to June 30, 2017. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38* states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2017 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.

**indicates reported on previous years' management letter*

Opportunities for Business Improvement

According to the School's excused absence policy, the student must provide the School with a written statement of the cause for absence from the parent or guardian within five schools days, or the absence will be considered unexcused. The written statement is in addition to calling the School to inform them of the absence and reason.

During our testing, we noted instances in which written statements were not retained to support the phone call log to justify the absence as being excused. We recommend the School ensure that all written statements pertaining to the cause of the absence be retained with the phone call logs to ensure compliance with the applicable policies.

Rea & associates a brighter way

Life Skills Center of Columbus North
Franklin County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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December 28, 2015

To the Board of Directors
Life Skills Center of Columbus North
Franklin County, Ohio
1900 E. Dublin Granville Road
Columbus, Ohio 43229

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Columbus North, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2015, 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.

Emphasis of a Matter

As described in Note 3, the School restated the June 30, 2014 net position balance to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the School's Proportionate Share of the Net Pension Liability*, and *Schedule of School Contributions* on pages 4-9, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Life Skills Center of Columbus North's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, Net Position increased $27,201, which represents a 2.3 percent change from 2014.
- Total assets increased $74,684, which represents a 55.6 percent change from 2014. This increase was primarily due to an increase in state aid receivable.
- Liabilities decreased $150,213, which represents a 10.9 percent change from 2014. This decrease is primarily due to a decrease in net pension liability.
- Deferred outflows of resources increased $9,930, which represents a 14.7 percent change from 2014. This change represents contractually required amounts due to GASB 68.
- Deferred inflows of resources increased $207,626, which is the first year in which it has been recorded. This change is due to the implementation of GASB 68.

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $110,448 to ($1,182,122).

Financial Highlights (continued)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implantation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $67,779 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows and deferred outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $48,698. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$	1,309,139
Pension expense under GASB 68		(48,698)
2015 contractually required contribution		66,891
Adjusted 2015 program expenses		1,327,332
Total 2014 program expenses under GASB 27		1,499,764
Decrease in program expenses not related to pension	$	(172,432)

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2015. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2015 and fiscal year 2014.

(Table 1)
Statement of Net Position

	2015	Restated 2014
Assets		
Current Assets	$ 209,000	$ 129,274
Capital Assets, Net	-	5,042
Total Assets	209,000	134,316
Deferred Outflow of Resources		
Pension System	77,708	67,779
Liabilities		
Current Liabilities	89,543	23,867
Long Term Liabilities	1,144,460	1,360,349
Total Liabilities	1,234,003	1,384,216
Deferred Inflow of Resources		
Pension System	207,626	-
Net Position		
Investment in Capital Assets	-	5,042
Unrestricted	(1,154,921)	(1,187,163)
Total Net Position	$ (1,154,921)	$ (1,182,121)

Total assets increased $74,684. This was primarily due to an increase in state aid receivable. Deferred outflows of resources increased $9,930. Liabilities decreased $150,213. Deferred inflows of resources increased $207,626. This is primarily due to the decrease in net pension liability. The changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68. The School operates under a management agreement with LS Columbus North, LLC. Under the terms of the management agreement, LS Columbus North, LLC is paid a specific percentage of the State and Federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2015, as well as a listing of revenues and expenses as compared to the changes in Net Position for fiscal year 2014.

(Table 2)
Change in Net Position

	2015	2014
Operating Revenue		
State Aid	$ 1,145,266	$ 1,355,660
Non-Operating Revenues		
Grants	172,489	149,329
Interest	57	24
Miscellaneous	18,528	4,501
Total Revenues	1,336,340	1,509,514
Operating Expenses		
Management Fees	1,076,550	1,273,852
Mgmt Fee Contra - Pension Funding	(66,891)	-
Grant Programs	172,489	149,330
Sponsorship Fees	31,656	40,208
Pension Expense	48,698	-
Board of Education	20,965	18,678
Legal	5,321	4,932
Advertising	434	478
Insurance	1,686	1,828
Auditing and Accounting	12,937	4,878
Depreciation	5,042	5,431
Miscellaneous	252	149
Total Operating Expenses	1,309,139	1,499,764
Change in Net Position	$ 27,201	$ 9,750

The School's most significant expense, "Management fees" decreased due to the decrease in state aid in accordance with the management agreement in place between the School and LS Columbus North, LLC. "Grant programs" increased due to the increase in grant revenue. The management agreement in place provides that specific percentages of the revenues received by the School will be paid to LS Columbus North, LLC to fund operations.

Capital Assets

At the end of fiscal year 2015, the School fully depreciated all capital assets. Table 3 shows the respective balances for fiscal year 2015 and fiscal year 2014.

(Table 3)

Capital Assets (Net of Depreciation)

	2015	2014
Computers and Software	$ -	5,042
Totals	$ -	$ 5,042

For more information on capital assets, see note 7 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Columbus North received revenue for 114 students in 2015 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $10,046 in fiscal year 2015. The School receives additional revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company.

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Columbus North, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Current assets		
Cash & cash equivalents	$	126,325
State aid receivable		71,455
Continuing fees receivable		890
Accounts receivable		64
Grant funding receivable		10,266
Total assets		209,000
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		77,708
LIABILITIES		
Current liabilities		
Accounts payable		4,999
Continuing fees payable		74,278
Federal grant funding payable		10,266
Total current liabilities		89,543
Long term liabilities		
Net pension liability		1,144,460
Total liabilities		1,234,003
DEFERRED INFLOWS OF RESOURCES		
Pension system		207,626
NET POSITION		
Unrestricted net position		(1,154,921)
Total net position	$	(1,154,921)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES		
State basic aid	$	1,126,643
Facilities aid		10,510
Casino revenue		8,113
Total operating revenues		1,145,266
OPERATING EXPENSES		
Management fees		1,076,550
Management fees (contra-recharacterizing pension funding)		(66,891)
Federal grant programs		172,489
Sponsorship fees		31,656
Pension expense		48,698
Board of education		20,965
Legal		5,321
Advertising		434
Accounting & auditing		12,937
Bank fees		252
Insurance: D&O & liability		1,686
Depreciation		5,042
Total operating expenses		1,309,139
Operating loss		(163,873)
NON-OPERATING REVENUE		
Federal grants		172,489
Interest		57
Miscellaneous		18,528
Total non-operating revenue		191,074
Change in net position		27,201
Net position, June 30, 2014 (restated - see note 3)		(1,182,122)
Net position, June 30, 2015	$	(1,154,921)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,145,266
Cash payments to suppliers for goods and services		(1,329,022)
Net cash used for operating activities		(183,756)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		57
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		167,732
Cash received from miscellaneous sources		18,528
Net cash received from noncapital financing activities		186,260
Net increase in cash and cash equivalents		2,561
Cash and cash equivalents at beginning of year		123,764
Cash and cash equivalents at end of year	$	126,325
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(163,873)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		5,042
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(890)
State aid receivable		(71,455)
Pension deferred outflows		(9,930)
Accounts receivable		(64)
Pension deferred inflows		207,626
Net pension liability		(215,889)
Accounts payable		4,321
Continuing fees payable		67,117
Grants funding payable		(5,761)
Total adjustments		(19,883)
Net cash used for operating activities	$	(183,756)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Life Skills Center of Columbus North (the School) is a federal tax-exempt 501 (c)(3), state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Columbus North, LLC for most of its functions (see note 8).

The School signed a contract with Saint Aloysius Orphanage (Sponsor) to operate for a period from July 1, 2011 through June 30, 2015. Subsequently, the School signed an agreement with the Sponsor effective July 1, 2015 through June 30, 2020. The School operates under a self-appointing, six-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility. The facility is staffed with teaching personnel employed by LS Columbus North, LLC, who provide services to 114 students. The School also operates the Life Skills Center of Columbus Southeast in the City of Columbus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2015. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2015, investments were limited to the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2015.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program and casino tax distributions, which are reflected under "operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2015 school year totaled $1,317,755.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2015, the School's capital assets had been fully depreciated (see note 7). Depreciation is computed by the straight-line method over three years for "Computers and Software."

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Columbus North, LLC (see note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 11)

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported. The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$110,448
Adjustments:	
Net Pension Liability	(1,360,349)
Deferred Outflow - Payments Subsequent to Measurement Date	67,779
Restated Net Position June 30, 2014	($1,182,122)

Other than employer contributions subsequent to the measurement date, the School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2015, the carrying amount of all School deposits was $24,779. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, none of the School's bank balance of $24,779 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2015, the School had the following investments and maturities:

		Investment Maturities		
Investment type	Balance at Fair Value	6 months or less	7 to 12 months	Greater than 24 months
STAROhio	$ 101,546	$ 101,546	$ -	$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2015:

Investment type	Fair Value	% of Total
STAROhio	$ 101,546	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $10,266 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2015.

Under the terms of the management agreement (see note 8), the School has recorded a liability to LS Columbus North, LLC in the amount of $10,266 for 100% of any State and Federal monies that were not paid as of June 30, 2015.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Columbus North, LLC, LS Columbus North, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant change in insurance coverage from the prior year, and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $1,000,000 aggregate limit and a $10,000 deductible.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2015, the School's capital assets consisted of the following:

	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Capital Assets Being Depreciated:				
Computers and Software	$ 22,905	$ -	$ -	$ 22,905
Total Capital Assets Being Depreciated	22,905	-	-	22,905
Less Accumulated Depreciation:				
Computers and Software	(17,863)	(5,042)	-	(22,905)
Total Accumulated Depreciation	(17,863)	(5,042)	-	(22,905)
Total Capital Assets Being Depreciated, Net	$ 5,042	$ (5,042)	$ -	$ -

8. AGREEMENT WITH LS COLUMBUS NORTH, LLC

Effective January 21, 2009, the School entered into an extended management agreement (Agreement) with LS Columbus North, LLC, which is an educational consulting and management company. The Agreement's term is effective until June 30, 2014, which has renewed for another five years. At the conclusion of the term the Agreement shall automatically renew for consecutive 5 year terms unless one party notifies the other party at least six (6) months prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Columbus North, LLC. LS Columbus North, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Columbus North, LLC a monthly continuing fee of 94 percent of the School's "Qualified Gross Revenues", defined as, all revenues and income received by the School except for charitable contributions. Also, LS Columbus North, LLC shall receive 100 percent of any and all grants or "funding of any kind generated by LS Columbus North, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any." The continuing fee is paid to LS Columbus North, LLC based on the previous month's qualified gross revenues.

8. AGREEMENT WITH LS COLUMBUS NORTH, LLC (continued)

The School had management fee (including grant programs) expenses for the year ended June 30, 2015, to LS Columbus North, LLC of $1,249,039, of which $84,544 was payable to LS Columbus North, LLC at June 30, 2015. LS Columbus North, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, capital, and insurance.

9. SPONSORSHIP FEES

Paragraph 9.7 of the sponsor contract with St. Aloysius, requires the School to pay the sponsor three percent (3%) of all funds received by the School from the State of Ohio. Such fees are paid to St. Aloysius monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $31,656 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2015, LS Columbus North, LLC and its affiliates incurred the following expenses on behalf of the School.

Expenses	**2015**
Direct Expenses:	
Salaries and wages	$ 408,219
Employees' benefits	112,126
Professional & technical services	192,000
Property services	190,036
Travel	1,542
Communications	31,098
Transportation	10,116
Books, periodicals, & films	1,574
Food and Related Supplies	10,903
Other supplies	26,866
Depreciation	282
Other direct costs	36,201
Indirect Expenses:	
Overhead	287,914
Total Expenses	$ 1,308,877

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employee Retirement System (SERS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employee Retirement System (SERS)(continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $11,455 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement System (STRS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $55,436 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$180,777	$963,683	$1,144,460
Proportion of the Net Pension Liability	0.003572%	0.00396195%	
Pension Expense	$6,604	$42,094	$48,698

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,539	$9,278	$10,817
School District contributions subsequent to the measurement date	11,455	55,436	66,891
Total Deferred Outflows of Resources	$12,994	$64,714	$77,708
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$29,341	$178,285	$207,626
Total Deferred Inflows of Resources	$29,341	$178,285	$207,626

11. DEFINED BENEFIT PENSION PLANS (continued)

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

$66,891 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2016	($6,951)	($42,252)	($49,203)
2017	(6,951)	(42,252)	(49,203)
2018	(6,951)	(42,252)	(49,203)
2019	(6,949)	(42,251)	(49,200)
Total	($27,802)	($169,007)	($196,809)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$257,915	$180,777	$115,897

F. Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$1,379,618	$963,683	$611,943

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages. As of June 30, 2015, there were no members that elected Social Security.

12. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge LS Columbus North, LLC's contributions on behalf of the School assigned to health care for the year ending June 30, 2015, 2014, and 2013 was $872, $900, and $287, respectively.

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description – LS Columbus North, LLC, on behalf of the school, contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

12. POSTEMPLOYMENT BENEFITS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ending June 30, 2015, 2014, and 2013 was $0, $3,765, and $3,201, respectively; 100 percent has been contributed for each year.

13. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

Life Skills Center of Columbus North, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.003572%	0.003572%
School's Proportionate Share of the Net Pension Liability	$ 180,777	$ 212,415
School's Covered-Employee Payroll	$ 75,332	$ 84,140
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	239.97%	252.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Columbus North, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.003962%	0.003962%
School's Proportionate Share of the Net Pension Liability	$ 963,683	$ 1,147,934
School's Covered-Employee Payroll	$ 441,054	$ 246,254
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	218.50%	466.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Columbus North, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Nine Fiscal Years (1)

	2015	2014	2013	2012
Contractually Required Contribution	$ 11,455	$ 10,441	$ 11,645	$ 8,650
Contributions in Relation to the Contractually Required Contribution	(11,455)	(10,441)	(11,645)	(8,650)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 86,912	$ 75,332	$ 84,140	$ 64,312
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

(1) Information prior to 2007 is unavailable.

Life Skills Center of Columbus North, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Nine Fiscal Years (1)

2011	2010	2009	2008	2007
$ 7,822	$ 10,881	$ 8,113	$ 7,730	$ 7,063
(7,822)	(10,881)	(8,113)	(7,730)	(7,063)
$ -	$ -	$ -	$ -	$ -
$ 62,228	$ 80,362	$ 82,449	$ 78,717	$ 66,133
12.57%	13.54%	9.84%	9.82%	10.68%

Life Skills Center of Columbus North, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2015	2014	2013	2012
Contractually Required Contribution	$ 55,436	$ 57,337	$ 32,013	$ 45,534
Contributions in Relation to the Contractually Required Contribution	(55,436)	(57,337)	(32,013)	(45,534)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 395,971	$ 441,054	$ 246,254	$ 350,262
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

(1) Information prior to 2007 is unavailable

Life Skills Center of Columbus North, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

2011	2010	2009	2008	2007
$ 64,020	$ 61,998	$ 58,643	$ 72,214	$ 65,639
(64,020)	(61,998)	(58,643)	(72,214)	(65,639)
$ -	$ -	$ -	$ -	$ -
$ 492,462	$ 476,908	$ 451,100	$ 555,492	$ 504,915
13.00%	13.00%	13.00%	13.00%	13.00%

December 28, 2015

To the Board of Directors
Life Skills Center of Columbus North
Franklin County, Ohio
1900 E. Dublin Granville Road
Columbus, Ohio 43229

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Columbus North, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2015, 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 28, 2015, in which we noted the School restated the June 30, 2014 net position to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*."

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Columbus North
Franklin County, Ohio

Management Letter

June 30, 2016

Rea & associates a brighter way

December 27, 2016

To the Board of Directors, Sponsor and Management
Life Skills Center of Columbus North
Franklin County, Ohio
1900 E. Dublin Granville Road
Columbus, Ohio 43229

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Columbus North, Franklin County Ohio (the "School"), as of and for the year ended June 30, 2016, and have issued our report thereon dated December 27, 2016.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated December 27, 2016 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2016.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2017 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2015, to June 30, 2016. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38 states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2016 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.

Rea & associates a brighter way

Life Skills Center of Columbus North
Franklin County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016

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LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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December 27, 2016

To the Board of Directors
Life Skills Center of Columbus North
Franklin County, Ohio
1900 E. Dublin Granville Road
Columbus, Ohio 43229

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Columbus North, Franklin County, Ohio, (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2016, and the changes in financial position and the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4-8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Life Skills Center of Columbus North's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, Net Position increased $18,357, which represents a 1.6 percent change from 2015. This is primarily the result of the decrease in pension expenses caused by GASB 68.

- Total assets decreased $68,404, which represents a 32.7 percent change from 2015. This decrease was primarily due to a decrease in state aid receivable.

- Liabilities decreased $306,952, which represents a 24.9 percent change from 2015. This decrease is primarily due to a decrease in net pension liability and continuing fees payable.

- Pension deferred outflows of resources increased $10,759, which represents a 13.8 percent change from 2015. This change represents contractually required amounts due to GASB 68.

- Pension deferred inflows of resources increased $230,950, which represents a 111.2 percent change from 2015. This change represents contractually required amounts due to GASB 68.

During 2015, the School adopted GASB Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2016. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2016 and fiscal year 2015.

(Table 1)
Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 140,596	$ 209,000
Total Assets	140,596	209,000
Deferred Outflow of Resources		
Pension System	88,467	77,708
Liabilities		
Current Liabilities	34,535	89,543
Long Term Liabilities	892,516	1,144,460
Total Liabilities	927,051	1,234,003
Deferred Inflow of Resources		
Pension System	438,576	207,626
Net Position		
Unrestricted	(1,136,564)	(1,154,921)
Total Net Position	$ (1,136,564)	$ (1,154,921)

Total assets decreased $68,404. This was primarily due to a decrease in state aid receivable. Deferred outflows of resources increased $10,759. Liabilities decreased $306,952. This is primarily due to the decrease in net pension liability. Deferred inflows of resources increased $230,950. The changes in deferred outflows and inflows of resources represent contractually required amounts due to GASB 68. The School operates under a management agreement with LS Columbus North, LLC. Under the terms of the management agreement, LS Columbus North, LLC is paid a specific percentage of the State and Federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2016 and 2015, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2016	2015
Operating Revenue		
State Aid	$ 835,114	$ 1,145,266
Non-Operating Revenues		
Grants	96,522	172,489
Interest	141	57
Miscellaneous	15,720	18,528
Total Revenues	947,497	1,336,340
Operating Expenses		
Purchased Services: Management Fees	793,585	1,076,550
Mgmt Fee Contra - Pension Funding	(47,488)	(66,891)
Purchased Services: Grant Programs	96,522	172,489
Sponsorship Fees	27,504	31,656
Pension	15,735	48,698
Board of Education	15,082	20,965
Legal	6,775	5,321
Advertising	-	434
Insurance: D & O Liability	593	1,686
Auditing and Accounting	20,736	12,937
Depreciation	-	5,042
Bank Fees	96	252
Total Operating Expenses	929,140	1,309,139
Change in Net Position	$ 18,357	$ 27,201

The School's operating and non-operating revenues in 2016 were based on the School's full-time equivalent (FTE) count of 87 and the School's federal grant funding received throughout the year. The decrease in School's revenue was primarily caused by the decrease in student enrollment. The School's most significant expenses, "Purchased services: management fees" are a result of the management agreement in place between the School and LS Columbus North, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Columbus North, LLC to fund operations (see notes to the financial statements, note 8).

Capital Assets

At the end of fiscal year 2016, the School had $22,905 in computers and software which is fully depreciated.

Current Financial Issues

The Life Skills Center of Columbus North received revenue for 87 students in 2016 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,599 in fiscal year 2016. The School receives additional revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company.

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Columbus North, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS		
Current assets		
Cash & cash equivalents	$	118,595
Prepaid insurance		1,135
Continuing fees receivable		17,879
Grant funding receivable		2,987
Total assets		140,596
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		88,467
LIABILITIES		
Current liabilities		
Accounts payable		2,975
State aid payable		28,573
Federal grant funding payable		2,987
Total current liabilities		34,535
Long term liabilities		
Net pension liability		892,516
Total liabilities		927,051
DEFERRED INFLOWS OF RESOURCES		
Pension system		438,576
NET POSITION		
Unrestricted		(1,136,564)
Total net position	$	(1,136,564)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES		
State basic aid	$	816,756
Facilities aid		13,019
Graduation bonus		124
Casino revenue		5,215
Total operating revenues		835,114
OPERATING EXPENSES		
Purchased Services: Management fees		793,585
Management fee contra - Pension funding		(47,488)
Purchased Services: Federal grant programs		96,364
Purchased Services: State grant programs		158
Pension		15,735
Sponsorship fees		27,504
Board of education		15,082
Legal		6,775
Accounting & auditing		20,736
Bank fees		96
Insurance: D&O & liability		593
Total operating expenses		929,140
Operating loss		(94,026)
NON-OPERATING REVENUES		
Federal grants		96,364
Interest		141
State grants		158
Miscellaneous		15,720
Total non-operating revenues		112,383
Change in net position		18,357
Net position, July 1, 2015		(1,154,921)
Net position, June 30, 2016	$	(1,136,564)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	888,510
Cash payments to suppliers for goods and services		(1,015,902)
Net cash used for operating activities		(127,392)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		141
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		103,801
Cash received from miscellaneous sources		15,720
Net cash received from noncapital financing activities		119,521
Net decrease in cash and cash equivalents		(7,730)
Cash and cash equivalents at beginning of year		126,325
Cash and cash equivalents at end of year	$	118,595
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(94,026)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(16,989)
State aid receivable		71,455
Prepaid insurance		(1,135)
Pension deferred outflows		(10,759)
Accounts receivable		64
Pension deferred inflows		230,950
Net pension liability		(251,944)
Accounts payable		(2,024)
Continuing fees payable		(74,278)
State aid payable		28,573
Grants funding payable		(7,279)
Total adjustments		(33,366)
Net cash used for operating activities	$	(127,392)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Life Skills Center of Columbus North (the School) is a federal tax-exempt 501 (c)(3), state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Columbus North, LLC for most of its functions (see note 8).

The School signed a contract with Saint Aloysius Orphanage (Sponsor) to operate for a period from July 1, 2011 through June 30, 2015. Subsequently, the School signed an agreement with the Sponsor effective July 1, 2015 through June 30, 2020. The School operates under a self-appointing, six-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility. The facility is staffed with teaching personnel employed by LS Columbus North, LLC, who provide services to 87 students. The School also operates the Life Skills Center of Columbus Southeast in the City of Columbus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2016. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAR Ohio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2016, investments were limited to the State Treasurer's Investment Pool, STAR Ohio. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2016.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, Facilities Aid, Graduation Bonus, and casino tax distributions, which are reflected under "State aid" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2016 school year totaled $931,636.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

4. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2016, the carrying amount of all School deposits was $70,899. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, none of the School's bank balance of $70,899 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2016, the School had the following investments and maturities:

		Investment Maturities
Investment type	Measurment Value	6 months or less
STAROhio	$ 47,696	$ 47,696

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2016:

4. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Investment type	Measurment Value	% of Total
STAROhio	$ 47,696	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $2,987 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2016.

Under the terms of the management agreement (see note 8), the School has recorded a liability to LS Columbus North, LLC in the amount of $2,987 for 100% of any State and Federal monies that were not paid as of June 30, 2016.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Columbus North, LLC, LS Columbus North, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant change in insurance coverage from the prior year, and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $1,000,000 aggregate limit and a $10,000 deductible.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2016, the School has $22,905 in computers and software full depreciated.

8. AGREEMENT WITH LS COLUMBUS NORTH, LLC

Effective January 21, 2009, the School entered into an extended management agreement (Agreement) with LS Columbus North, LLC, which is an educational consulting and management company. The Agreement's term is effective until June 30, 2014. At the conclusion of the term the Agreement shall automatically renew for consecutive 5 year terms unless one party notifies the other party at least six (6) months prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Columbus North, LLC. LS Columbus North, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Columbus North, LLC a monthly continuing fee of 94 percent of the School's "Qualified Gross Revenues", defined as, all revenues and income received by the School except for charitable contributions.

8. AGREEMENT WITH LS COLUMBUS NORTH, LLC (continued)

Also, LS Columbus North, LLC shall receive 100 percent of any and all grants (excluding Ed Jobs) or "funding of any kind generated by LS Columbus North, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any." The continuing fee is paid to LS Columbus North, LLC based on the previous month's qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2016, to LS Columbus North, LLC of $890,107, of which $17,879 was a receivable due from LS Columbus North, LLC and $2,987 payable at June 30, 2016. LS Columbus North, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, capital, and insurance, excluding employment costs related to the Ed Jobs program.

9. SPONSORSHIP FEES

Paragraph 9.7 of the sponsor contract with St. Aloysius, requires the School to pay the sponsor three percent (3%) of all funds received by the School from the State of Ohio. Such fees are paid to St. Aloysius monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $27,504 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2016, LS Columbus North, LLC and its affiliates incurred the following expenses on behalf of the School.

Expenses		2016
Direct Expenses:		
Salaries and wages	$	334,964
Employees' benefits		107,297
Professional & technical services		233,442
Property services		187,699
Travel		4,829
Communications		48,212
Transportation		6,534
Books, periodicals, & films		1,435
Food and Related Supplies		13,812
Other supplies		33,725
Depreciation		1,800
Interest		170
Other direct costs		38,091
Indirect Expenses:		
Overhead		258,335
Total Expenses	$	1,270,345

10. MANAGEMENT COMPANY EXPENSES (continued)

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employee Retirement System (SERS)

Plan Description – School non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employee Retirement System (SERS) (continued)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $8,752 for fiscal year 2016.

C. Plan Description – State Teachers Retirement System (STRS)

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position.

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $38,736 for fiscal year 2016. Of this amount $0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$74,613	$817,903	$892,516
Proportion of the Net Pension Liability	0.00130760%	0.00295944%	
Pension Expense	($7,810)	$23,545	$15,735

11. DEFINED BENEFIT PENSION PLANS (continued)

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

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,931	$39,048	$40,979
School District contributions subsequent to the measurement date	8,752	38,736	47,488
Total Deferred Outflows of Resources	$10,683	$77,784	$88,467
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$16,423	$92,657	$109,080
Changes in proportion and differences	100,209	229,287	329,496
Total Deferred Inflows of Resources	$116,632	$321,944	$438,576

$47,488 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	$ (81,288)	$ (37,316)	$ (118,604)
2016	(81,288)	(37,316)	(118,604)
2015	(81,287)	(37,335)	(118,622)
2014	(39,033)	(2,735)	(41,768)
	$ (282,896)	$ (114,702)	$ (397,598)

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$103,461	$74,613	$50,320

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$ 1,136,128	$ 817,903	$ 548,795

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

12. POSTEMPLOYMENT BENEFITS (continued)

A. School Employee Retirement System (continued)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School's contributions for healthcare (including surcharge) for fiscal year ended June 30, 2016, 2015, and 2014 was $65, $872, and $900, respectively.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ending June 30, 2016, 2015, and 2014 was $0, $0, $3,765, respectively; 100 percent has been contributed for fiscal year 2016, 2015 and 2014.

13. CONTINGENCIES

Grants

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

13. CONTINGENCIES (continued)

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 and 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.001308%	0.003572%	0.003572%
School's Proportionate Share of the Net Pension Liability	$ 74,613	$ 180,777	$ 212,415
School's Covered-Employee Payroll	$ 86,912	$ 104,856	$ 84,140
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	85.85%	172.41%	252.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.002959%	0.003962%	0.003962%
School's Proportionate Share of the Net Pension Liability	$ 817,903	$ 963,683	$ 1,147,933
School's Covered-Employee Payroll	$ 395,971	$ 405,446	$ 246,254
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	206.56%	237.68%	466.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$ 8,752	$ 11,455	$ 14,533	$ 11,645
Contributions in Relation to the Contractually Required Contribution	(8,752)	(11,455)	(14,533)	(11,645)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 62,514	$ 86,912	$ 104,856	$ 84,140
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

(1) Information prior to 2007 is unavailable.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2012	2011	2010	2009	2008	2007
$ 8,650	$ 7,822	$ 10,881	$ 8,113	$ 7,730	$ 7,063
(8,650)	(7,822)	(10,881)	(8,113)	(7,730)	(7,063)
$ -	$ -	$ -	$ -	$ -	$ -
$ 64,312	$ 62,228	$ 80,362	$ 82,449	$ 78,717	$ 66,133
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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

	2016	2015	2014	2013
Contractually Required Contribution	$ 38,736	$ 55,436	$ 52,708	$ 32,013
Contributions in Relation to the Contractually Required Contribution	(38,736)	(55,436)	(52,708)	(32,013)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 276,686	$ 395,971	$ 405,446	$ 246,254
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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

2012	2011	2010	2009	2008	2007
$ 45,534	$ 64,020	$ 61,998	$ 58,643	$ 72,214	$ 65,639
(45,534)	(64,020)	(61,998)	(58,643)	(72,214)	(65,639)
$ -	$ -	$ -	$ -	$ -	$ -
$ 350,262	$ 492,462	$ 476,908	$ 451,100	$ 555,492	$ 504,915
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 27, 2016

To the Board of Directors
Life Skills Center of Columbus North
Franklin County, Ohio
1900 E. Dublin Granville Road
Columbus, Ohio 43229

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Columbus North, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2016, 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 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Medina, Ohio

Life Skills Center of Columbus North
Franklin County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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January 19, 2018

To the Board of Directors
Life Skills Center of Columbus North
Franklin County, Ohio
1900 E. Dublin Granville Road
Columbus, Ohio 43229

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Columbus North, Franklin County, Ohio, (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4-8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The discussion and analysis of Life Skills Center of Columbus North's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, Net Position increased $142,070, which represents a 12.5 percent change from 2016. This is primarily the result of the decrease in pension expenses caused by GASB 68.

- Total assets increased $7,869, which represents a 5.6 percent change from 2016. This was primarily due to an increase cash and cash equivalents offset by a decrease in continuing fees receivable.

- Liabilities increased $68,024, which represents a 7.3 percent change from 2016. This is primarily due to the increase in net pension liability.

- Pension deferred outflows of resources increased $93,730, which represents a 105.9 percent change from 2016. This change represents contractually required amounts resulting from the effects of GASB 68.

- Pension deferred inflows of resources decreased $108,495, which represents a 24.7 percent change from 2016. This change represents changes in GASB 68.

During a prior year, the School adopted GASB Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2017. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

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

(Table 1)
Statement of Net Position

	2017	2016
Assets		
Current Assets	$ 148,465	$ 140,596
Total Assets	148,465	140,596
Deferred Outflow of Resources		
Pension System	182,197	88,467
Liabilities		
Current Liabilities	28,131	34,535
Long Term Liabilities	966,944	892,516
Total Liabilities	995,075	927,051
Deferred Inflow of Resources		
Pension System	330,081	438,576
Net Position		
Unrestricted	(994,494)	(1,136,564)
Total Net Position	$ (994,494)	$ (1,136,564)

Total assets increased $7,869. This was primarily due to an increase in cash and cash equivalents offset by a decrease in continuing fees receivable. Deferred outflows of resources increased $93,730. Liabilities increased $68,024. This is primarily due to the increase in net pension liability. Deferred inflows of resources decreased $108,495. The changes in deferred outflows and inflows of resources resulting from the effects of GASB 68. The School operates under a management agreement with LS Columbus North, LLC. Under the terms of the management agreement, LS Columbus North, LLC is paid a specific percentage of the State and Federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2017 and 2016, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2017	2016
Operating Revenue		
State Aid	$ 868,709	$ 835,114
Non-Operating Revenues		
Grants	58,822	96,522
Interest	720	141
Miscellaneous	18,259	15,720
Total Revenues	946,510	947,497
Operating Expenses		
Purchased Services: Management Fees	808,007	793,585
Purchased Services: Grant Programs	58,822	96,522
Sponsorship Fees	24,717	27,504
Pension	(127,797)	(31,753)
Board of Education	9,999	15,082
Legal	6,304	6,775
Insurance: D & O Liability	1,738	593
Auditing and Accounting	22,650	20,736
Bank Fees	-	96
Total Operating Expenses	804,440	929,140
Change in Net Position	$ 142,070	$ 18,357

The School's operating and non-operating revenues in 2017 were based on the School's full-time equivalent (FTE) count of 90 and the School's federal grant funding received throughout the year. The increase in School's state aid revenue was primarily caused by the increase in student enrollment. The School's most significant expenses, "Purchased Services: Management Fees" are a result of the management agreement in place between the School and LS Columbus North, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Columbus North, LLC to fund operations (see notes to the financial statements, note 8).

Capital Assets

At the end of fiscal year 2017, the School has $15,396 worth of fully depreciated equipment. See Note 7 for additional information.

Current Financial Issues

The Life Skills Center of Columbus North received revenue for 90 students in 2017 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $10,306 in fiscal year 2017. The School receives additional revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company.

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Columbus North, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Current assets		
Cash & cash equivalents	$	140,443
Prepaid insurance		1,156
Continuing fees receivable		6,108
Grant funding receivable		758
Total assets		148,465
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		182,197
LIABILITIES		
Current liabilities		
Accounts payable		4,696
State aid payable		6,498
Grant funding payable		16,937
Total current liabilities		28,131
Long term liabilities		
Net pension liability		966,944
Total liabilities		995,075
DEFERRED INFLOWS OF RESOURCES		
Pension system		330,081
NET POSITION		
Unrestricted		(994,494)
Total net position	$	(994,494)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES		
State basic aid	$	845,968
Facilities aid		18,230
Graduation bonus		25
Casino revenue		4,486
Total operating revenues		868,709
OPERATING EXPENSES		
Purchased Services: Management fees		808,007
Purchased Services: Federal grant programs		58,575
Purchased Services: State grant programs		247
Pension		(127,797)
Sponsorship fees		24,717
Board of education		9,999
Legal		6,304
Accounting & auditing		22,650
Insurance: D&O & liability		1,738
Total operating expenses		804,440
Operating income		64,269
NON-OPERATING REVENUES		
Federal grants		58,575
State grants		247
Interest		720
Miscellaneous		18,259
Total non-operating revenues		77,801
Change in net position		142,070
Net position, July 1, 2016		(1,136,564)
Net position, June 30, 2017	$	(994,494)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	846,635
Cash payments to suppliers for goods and services		(904,817)
Net cash used for operating activities		(58,182)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		720
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		61,051
Cash received from miscellaneous sources		18,259
Net cash received from noncapital financing activities		79,310
Net increase in cash and cash equivalents		21,848
Cash and cash equivalents at beginning of year		118,595
Cash and cash equivalents at end of year	$	140,443
RECONCILIATION OF OPERATING INCOME TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating income	$	64,269
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED FOR OPERATING ACTIVITIES		
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		11,771
Prepaid insurance		(21)
Pension deferred outflows		(93,730)
Pension deferred inflows		(108,495)
Net pension liability		74,428
Accounts payable		1,721
State aid payable		(22,075)
Grants funding payable		13,950
Total adjustments		(122,451)
Net cash used for operating activities	$	(58,182)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Life Skills Center of Columbus North (the School) is a federal tax-exempt 501 (c)(3), state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Columbus North, LLC for most of its functions (see note 8).

The School signed a contract with Saint Aloysius Orphanage (Sponsor) to operate for a period from July 1, 2011 through June 30, 2016. Subsequently, the School signed an agreement with the Sponsor effective July 1, 2016 to be renewed automatically for one (1) year terms until June 30, 2018. The School operates under a self-appointing, six-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility. The facility is staffed with teaching personnel employed by LS Columbus North, LLC, who provide services to 90 students. The School also operates the Life Skills Center of Columbus Southeast in the City of Columbus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2017. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAR Ohio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2017, 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 investments 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 their 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.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, Facilities Aid, Graduation Bonus, and casino tax distributions, which are reflected under "Operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2017 school year totaled $927,531.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 11)

L. Prepaid

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

3. CHANGE IN ACCOUNTING PRINCIPLES

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

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

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

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

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

4. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2017, the carrying amount of all School deposits was $37,258. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, none of the School's bank balance of $37,258 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

B. Investments

As of June 30, 2017, the School had the following investments and maturities:

		Investment Maturities
Investment type	Measurment Value	6 months or less
STAROhio	$ 103,185	$ 103,185

The School categorized its fair value measurements within the 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 the School recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its net asset value (NAV). All other investments of the School are value using quoted market prices (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days and carries a rating of AAAm by S&P Global Ratings.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

4. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2017:

Investment type	Measurment Value	% of Total
STAROhio	$ 103,185	100.00

5. GRANT FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grant funding receivable" in the amount of $758 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2017.

Under the terms of the management agreement (see note 8), the School has recorded a liability to LS Columbus North, LLC in the amount of $16,937 for 100% of any State and Federal monies that were not paid as of June 30, 2017.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Columbus North, LLC, LS Columbus North, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant change in insurance coverage from the prior year, and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $1,000,000 aggregate limit and a $10,000 deductible.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2017, the School has $15,396 worth of fully depreciated equipment.

8. AGREEMENT WITH LS COLUMBUS NORTH, LLC

Effective January 21, 2009, the School entered into an extended management agreement (Agreement) with LS Columbus North, LLC, which is an educational consulting and Management Company. The Agreement's term is effective until June 30, 2014. At the conclusion of the term the Agreement shall automatically renew for consecutive 5 year terms unless one party notifies the other party before January, prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Columbus North, LLC. LS Columbus North, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Columbus North, LLC a monthly continuing fee of 94 percent of the School's "Qualified Gross Revenues", defined as, all revenues and income received by the School except for charitable contributions.

8. AGREEMENT WITH LS COLUMBUS NORTH, LLC (continued)

Also, LS Columbus North, LLC shall receive 100 percent of any and all grants (excluding Ed Jobs) or "funding of any kind generated by LS Columbus North, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any." The continuing fee is paid to LS Columbus North, LLC based on the previous month's qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2017, LS Columbus North, LLC of $866,829, of which $6,108 was receivable from LS Columbus North, LLC at June 30, 2017. LS Columbus North, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, capital, and insurance, excluding employment costs related to the Ed Jobs program.

9. SPONSORSHIP FEES

Paragraph 9.6 of the sponsor contract with St. Aloysius, requires the School to pay the sponsor three percent (3%) of all funds received by the School from the State of Ohio. Such fees are paid to St. Aloysius monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $24,717 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2017, LS Columbus North, LLC and its affiliates incurred the following expenses on behalf of the School.

		Regular Instruction	Special Instruction	Vocational Instruction	Support Services	Total
	USAS Codes	1100	1200	1300	2000	
Direct Expenses:						
Salaries & Wages	100	151,604	45,919	-	139,113	$ 336,636
Employees' Benefits	200	48,141	14,581	-	44,174	$ 106,896
Professional & Technical Services	410	74,765	58,223	23,966	68,605	$ 225,559
Property Services	420	75,491	22,865	11,357	69,271	$ 178,984
Utilities	450	-	-	-	-	$ -
Transportation	480	1,458	442	219	1,338	$ 3,457
Supplies	500	17,096	6,136	4,823	15,688	$ 43,743
All other Capital Outlay	650-690	1,012	307	152	929	$ 2,400
Other Direct Costs		48,576	14,713	7,308	44,573	$ 115,170
Total Direct Expenses		$ 418,143	$ 163,186	$ 47,825	$ 383,691	$ 1,012,845
Indirect Expenses:						
Overhead		$ 79,470	$ 24,070	$ 11,956	$ 72,923	$ 188,419
Total Expenses		**$ 497,613**	**$ 187,256**	**$ 59,781**	**$ 456,614**	**$ 1,201,264**

10. MANAGEMENT COMPANY EXPENSES (continued)

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employee Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School's contractually required contribution to SERS was $9,624 for fiscal year 2017.

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS)

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

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

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

The School's contractually required contribution to STRS was $38,874 for fiscal year 2017.

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 110,196	$ 856,748	$ 966,944
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00150560%	0.00255952%	
Prior Measurement Date	0.00130760%	0.00295944%	
Change in Proportionate Share	0.00019800%	(0.00039992%)	
Pension Expense	$ (30,121)	$ (49,178)	$ (79,299)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,486	$34,618	$36,104
Net difference between projected and actual earnings on pension plan investments	9,090	71,133	80,223
Changes of assumptions	7,356	0	7,356
Changes in proportion and differences between School contributions and proportionate share of contributions	10,015	0	10,015
School District contributions subsequent to the measurement date	9,624	38,874	48,498
Total Deferred Outflows of Resources	$ 37,571	$ 144,625	$ 182,197
Deferred Inflows of Resources			
Difference between School District contributions and proportionate share of contributions	$ 68,193	$ 261,888	$ 330,081
Total Deferred Inflows of Resources	$ 68,193	$ 261,888	$ 330,081

$48,498 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$ (63,061)	$ (23,847)	$ (86,908)
2019	(63,060)	(23,854)	(86,914)
2020	(35,763)	4,843	(30,920)
2021	5,747	2,612	8,359
	$ (156,137)	$ (40,246)	$ (196,383)

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the Net Pension Liability	$143,893	$110,196	$80,316

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions - STRS

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

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

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

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's Proportionate Share of the Net Pension Liability	$ 1,138,549	$ 856,748	$ 619,033

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School's net pension liability is expected to be significant.

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System (SERS)

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

12. POSTEMPLOYMENT BENEFITS (continued)

A. School Employee Retirement System (SERS) (continued)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School's surcharge obligation was $622.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School's contributions for health care for the fiscal year ended June 30, 2015, was $872. The full amount has been contributed for fiscal year 2015.

B. State Teachers Retirement System

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

12. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System (continued)

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

13. CONTINGENCIES

A. Grants

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

B. Enrollment FTE

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment tot eh enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support the student participation and other matters of noncompliance. ODE has performed such a review on the School for fiscal year 2017.

As of the date of this report, all ODE adjustments through fiscal year 2017 have been made.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all adjustments made by ODE through fiscal year 2017 have been completed. A reconcilation between the payments previously made and the FTE adjustments has taken place with these contracts.

C. Litigation

The School is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
School's Proportion of the Net Pension Liability	0.00150560%	0.00130760%	0.00357200%	0.00357200%
School's Proportionate Share of the Net Pension Liability	$ 110,196	$ 74,613	$ 180,777	$ 212,415
School's Covered-Employee Payroll	$ 62,514	$ 86,912	$ 104,856	$ 84,140
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	176.27%	85.85%	172.41%	252.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:

School Employees Retirement System (SERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
School's Proportion of the Net Pension Liability	0.00255952%	0.00295944%	0.00396195%	0.00396195%
School's Proportionate Share of the Net Pension Liability	$ 856,748	$ 817,903	$ 963,683	$ 1,147,933
School's Covered-Employee Payroll	$ 276,686	$ 395,971	$ 405,446	$ 246,254
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	309.65%	206.56%	237.68%	466.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 9,624	$ 8,752	$ 11,455	$ 14,533
Contributions in Relation to the Contractually Required Contribution	(9,624)	(8,752)	(11,455)	(14,533)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 68,743	$ 62,514	$ 86,912	$ 104,856
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 11,645	$ 8,650	$ 7,822	$ 10,881	$ 8,113	$ 7,730
(11,645)	(8,650)	(7,822)	(10,881)	(8,113)	(7,730)
$ -	$ -	$ -	$ -	$ -	$ -
$ 84,140	$ 64,312	$ 62,228	$ 80,362	$ 82,449	$ 78,717
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 38,874	$ 38,736	$ 55,436	$ 52,708
Contributions in Relation to the Contractually Required Contribution	(38,874)	(38,736)	(55,436)	(52,708)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 277,671	$ 276,686	$ 395,971	$ 405,446
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

LIFE SKILLS CENTER OF COLUMBUS NORTH
FRANKLIN COUNTY

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

2013	2012	2011	2010	2009	2008
$ 32,013	$ 45,534	$ 64,020	$ 61,998	$ 58,643	$ 72,214
(32,013)	(45,534)	(64,020)	(61,998)	(58,643)	(72,214)
$ -	$ -	$ -	$ -	$ -	$ -
$ 246,254	$ 350,262	$ 492,462	$ 476,908	$ 451,100	$ 555,492
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

January 19, 2018

To the Board of Directors
Life Skills Center of Columbus North
Franklin County, Ohio
1900 E. Dublin Granville Road
Columbus, Ohio 43229

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Columbus North, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Columbus North
Franklin County, Ohio

Management Letter

June 30, 2017

Rea & associates a brighter way

January 19, 2018

To the Board of Directors, Sponsor and Management
Life Skills Center of Columbus North
Franklin County, Ohio
1900 E. Dublin Granville Road
Columbus, Ohio 43229

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Columbus North, Franklin County Ohio (the "School"), as of and for the year ended June 30, 2017, and have issued our report thereon dated January 19, 2018.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated January 19, 2018 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2017.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2018 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2016, to June 30, 2017. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38* states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2017 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.

**indicates reported on previous years' management letter*

Rea & associates a brighter way

Life Skills Center of Columbus Southeast

Franklin County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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December 28, 2015

To the Board of Directors
Life Skills Center of Columbus Southeast
Franklin County, Ohio
2400 South Hamilton Road
Columbus, Ohio 43232

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Columbus Southeast, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2015, 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.

Emphasis of a Matter

As described in Note 3, the School restated the June 30, 2014 net position balance to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the School's Proportionate Share of the Net Pension Liability*, and *Schedule of School Contributions* on pages 4-9, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Life Skills Center of Columbus Southeast (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, Net Position increased $30,046, which represents a 2.9 percent change from 2014. This increase was primarily due to an increase in state aid income.

- Total assets increased by $155,961, which represents a 165.8 percent change from 2014. This increase was primarily due to an increase in state aid receivable.

- Liabilities decreased $42,110, which represents a 3.5 percent change from 2014. This was due primarily to the decrease in net pension liability.

- Deferred outflows of resources increased $9,221, which represents a 14.9 percent change from 2014. This change represents contractually required amounts due to GASB 68

- Deferred inflows of resources increased $177,246, which is the first year in which it has been recorded. This change is due to the implementation of GASB 68

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $58,224 to ($1,033,645).

Financial Highlights (continued)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implantation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $61,776 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows and deferred outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $45,922. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$	1,619,594
Pension expense under GASB 68		(45,922)
2015 contractually required contribution		61,767
Adjusted 2015 program expenses		1,635,439
Total 2014 program expenses under GASB 27		1,440,083
Increase in program expenses not related to pension	$	195,356

Using this Financial Report

This report consists of three parts, required supplementary information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2015. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2015 and fiscal year 2014.

(Table 1)
Statement of Net Position

	2015	Restated 2014
Assets		
Current Assets	$ 250,010	$ 88,345
Capital Assets, Net	-	5,704
Total Assets	250,010	94,049
Deferred Outflow of Resources		
Pension System	70,997	61,776
Liabilities		
Current Liabilities	177,586	35,825
Long Term Liabilities	969,774	1,153,645
Total Liabilities	1,147,360	1,189,470
Deferred Inflow of Resources		
Pension System	177,246	-
Net Position		
Investment in Capital Assets	-	5,704
Unrestricted	(1,003,599)	(1,039,349)
Total Net Position	$ (1,003,599)	$ (1,033,645)

Total assets increased by $155,961. This increase was primarily due to an increase in state aid receivable. Deferred outflows of resources increased $9,221. Liabilities decreased $42,110. This decrease is primarily due to the decrease in net pension liability. Deferred inflows of resources increased $177,246. The changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68. The School operates under a management agreement with LS Eastland, LLC. Under the terms of the management agreement, LS Eastland, LLC is paid a specific percentage of the State and Federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2015 and fiscal year 2014, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2015	2014
Operating Revenue		
State Aid	$ 1,470,644	$ 1,275,503
Total Operating Revenue	1,470,644	1,275,503
Non-Operating Revenues		
Grants	154,791	149,968
Miscellaneous	24,171	4
Interest	34	17
Total Revenues	1,649,640	1,425,492
Operating Expenses		
Management Fees	1,389,759	1,205,350
Mgmt Fee Contra - Pensing Funding	(61,767)	-
Grant Programs	154,791	149,969
Sponsorship Fees	38,961	37,581
Pension Expense	45,922	-
Board of Education	20,345	23,853
Legal	5,148	4,412
Advertising	495	478
Insurance	7,225	7,206
Auditing and Accounting	12,936	4,878
Depreciation	5,704	6,222
Miscellaneous	75	134
Total Operating Expenses	1,619,594	1,440,083
Change in Net Position	$ 30,046	$ (14,591)

Revenues increased due to the increase in enrollment in 2015. The School's most significant expense, "Management fees" increased because of the increase in state aid funding in accordance with the management agreement in place between the School and LS Eastland, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Eastland, LLC to fund operations.

Capital Assets

At the end of fiscal year 2015, the School had fully depreciated all capital assets. Table 3 shows the balance for fiscal year 2015 compared to 2014.

(Table 3)

Capital Assets (Net of Depreciation)

	2015	2014
Computers and Software	$ -	$ 5,704
Totals	$ -	$ 5,704

For more information on capital assets, see note 7 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Columbus Southeast received revenue for 158 students in 2015 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,308 in fiscal year 2015. The School receives additional revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Columbus Southeast, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Current assets		
Cash & cash equivalents	$	75,819
State aid receivable		149,255
Continuing fees receivable		890
Grant funding receivable		18,918
Accounts receivable		5,128
Total assets		250,010
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		70,997
LIABILITIES		
Current liabilities		
Accounts payable		5,877
Continuing fees payable		148,741
Grant funding payable		22,968
Total current liabilities		177,586
Long term liabilities		
Net pension liability		969,774
Total liabilities		1,147,360
DEFERRED INFLOWS OF RESOURCES		
Pension system		177,246
NET POSITION		
Unrestricted net position		(1,003,599)
Total net position	$	(1,003,599)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES		
State basic aid	$	1,447,943
Facilities aid		14,339
Casino revenue		8,362
Total operating revenues		1,470,644
OPERATING EXPENSES		
Management fees		1,389,759
Mgmt fee conta - pension funding		(61,767)
Grant programs		154,791
Sponsorship fees		38,961
Pension expense		45,922
Board of education		20,345
Legal		5,148
Advertising		495
Accounting & auditing		12,936
Bank fees		75
Insurance: D&O & liability		7,225
Depreciation expense		5,704
Total operating expenses		1,619,594
Operating loss		(148,950)
NON-OPERATING REVENUE		
Grants		154,791
Miscellaneous revenue		24,171
Interest		34
Total non-operating revenue		178,996
Change in net position		30,046
Net position, June 30, 2014 (restated - see note 3)		(1,033,645)
Net position, June 30, 2015	$	(1,003,599)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,470,644
Cash payments to suppliers for goods and services		(1,643,248)
Net cash used for operating activities		(172,604)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		147,172
Cash received from miscellaneous revenue		24,171
Net cash received from noncapital financing activities		171,343
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		34
Net decrease in cash and cash equivalents		(1,227)
Cash and cash equivalents at beginning of year		77,046
Cash and cash equivalents at end of year	$	75,819
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(148,950)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		5,704
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(890)
State aid receivable		(149,255)
Accounts receivable		(5,128)
Deferred outflows of resources		(9,221)
Accounts payable		5,239
Grants funding payable		(4,491)
Net pension liability		(183,871)
Deferred inflows of resources		177,246
Management fees payable		141,013
Total adjustments		(23,654)
Net cash used for operating activities	$	(172,604)

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Columbus Southeast (the School) is a federal 501(c)(3) tax-exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School was formerly named the Life Skills Center of Metro Cleveland, but officially changed its name to the Life Skills Center of Columbus Southeast on July 1, 2006. The School was relocated to 2400 South Hamilton Rd., Columbus, Ohio 43232. The School, which is part of the State's education program, is independent of any 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 contracts with LS Eastland, LLC for most of its functions (see note 8).

The School has signed a contract with St. Aloysius (the Sponsor) to operate the School from June 28, 2010 through June 30, 2015. Subsequently, the School signed an agreement with the Sponsor effective July 1, 2015 through June 30, 2018. The School operates under a self-appointing, six-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Eastland, LLC. The facility is staffed with teaching personnel employed by LS Eastland, LLC, who provide services to 158 students. The Board also operates the Life Skills Center of Columbus North in the City of Columbus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2015. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2015, investments were limited to the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2015.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program which is reflected under "operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2015 school year totaled $1,625,435.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2015, the School's capital assets had been fully depreciated (see note 7). Depreciation is computed by the straight-line method over three years for "Computers and Software."

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Eastland, LLC (see note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported. The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$58,224
Adjustments:	
Net Pension Liability	(1,153,645)
Deferred Outflow - Payments Subsequent to Measurement Date	61,776
Restated Net Position June 30, 2014	($1,033,645)

Other than employer contributions subsequent to the measurement date, the School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all School deposits was $18,930. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, none of the School's bank balance of $18,930 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

4. DEPOSITS AND INVESTMENTS (continued)

A. Deposits with Financial Institutions (continued)

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2015, the School had the following investments and maturities:

		Investment Maturities		
Investment type	Balance at Fair Value	6 months or less	7 to 12 months	Greater than 24 months
STAROhio	$ 56,889	$ 56,889	$ -	$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2015:

Investment type	Fair Value	% to Total
STAROhio	$ 56,889	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $18,918 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2015.

Under the terms of the management agreement (see note 8), the School has recorded a liability to LS Eastland, LLC in the amount of $22,968 for 100 percent of any State and Federal monies uncollected or unpaid to LS Eastland, LLC as of June 30, 2015.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Eastland, LLC, LS Eastland, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims did not exceed insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $10,000, or $25,000 deductible, dependent on the claim.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2015, the School's capital assets consisted of the following:

	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Capital Assets Being Depreciated:				
Computers and Software	$ 24,889	$ -	$ -	$ 24,889
Total Capital Assets Being Depreciated	24,889	-	-	24,889
Less Accumulated Depreciation:				
Computers and Software	(19,185)	(5,704)	-	(24,889)
Total Accumulated Depreciation	(19,185)	(5,704)	-	(24,889)
Total Capital Assets Being Depreciated, Net	$ 5,704	$ (5,704)	$ -	$ -

8. AGREEMENT WITH LS EASTLAND, LLC

Effective January 21, 2009, the School entered into an extended five-year management agreement (Agreement) with LS Eastland, LLC, which is an educational consulting and management company. The Agreement's term expires June 30, 2014 and will renew for additional, successive five (5) year terms unless one party notifies the other party on or before February 1 prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Eastland, LLC. LS Eastland, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Eastland, LLC a monthly continuing fee of 94.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, all revenues and income received by the School except for charitable contributions and LS Eastland, LLC shall receive 100 percent of any and all grants (excluding Ed Jobs) or funding of any kind generated by LS Eastland, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Eastland, LLC based on the previous month's qualified gross revenues.

8. AGREEMENT WITH LS EASTLAND, LLC (continued)

The School had management fees and grant program expenses for the year ended June 30, 2015, of $1,544,550, of which $171,709 was payable to LS Eastland, LLC at June 30, 2015. LS Eastland, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

The sponsor contract states that the School shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor contract. Such fees are paid to the Sponsor monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $38,961 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2015, LS Eastland, LLC and its affiliates incurred the following expenses on behalf of the School.

	2015
Expenses	
Direct expenses:	
Salaries & wages	$ 367,328
Employees' benefits	90,449
Professional & technical services	172,659
Property services	178,660
Travel	1,882
Communications	31,971
Utilities	43,122
Transportation	12,510
Books, periodicals, & films	1,598
Food and related supplies	18,912
Other supplies	47,093
Depreciation	88
Other direct costs	38,484
Indirect expenses:	
Overhead	300,847
Total expenses	$ 1,305,603

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employees Retirement System (SERS)(continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $10,972 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement System (STRS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $50,795 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$95,399	$874,375	$969,774
Proportion of the Net Pension Liability	0.001885%	0.00359478%	
Pension Expense	$11,124	$34,798	$45,922

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$812	$8,418	$9,230
School District contributions subsequent to the measurement date	10,972	50,795	61,767
Total Deferred Outflows of Resources	$11,784	$59,213	$70,997
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$15,483	$161,763	$177,246
Total Deferred Inflows of Resources	$15,483	$161,763	$177,246

11. DEFINED BENEFIT PENSION PLANS (continued)

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

$61,767 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2016	($3,668)	($38,336)	($42,004)
2017	(3,668)	(38,336)	(42,004)
2018	(3,668)	(38,336)	(42,004)
2019	(3,667)	(38,337)	(42,004)
Total	($14,671)	($153,345)	($168,016)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$136,106	$95,399	$61,161

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$1,251,763	$874,375	$555,232

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages. As of June 30, 2015 there were no members that elected Social Security.

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. LS Eastland's contributions on behalf of the School assigned to health care for the years ended June 30, 2015, 2014, and 2013, were $449, $301, and $768, respectively.

B. State Teachers Retirement System

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

12. POSTEMPLOYMENT BENEFITS (continued)

A. State Teachers Retirement System (continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were $0, $4,040, and $3,537, respectively; 100 percent has been contributed for fiscal years 2015, 2014, and 2013.

13. CONTINGENCIES

A. Grants

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

B. Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

Life Skills Center of Columbus Southeast, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.001885%	0.001885%
School's Proportionate Share of the Net Pension Liability	$ 95,399	$ 112,095
School's Covered-Employee Payroll	$ 94,870	$ 57,377
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	100.56%	195.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Columbus Southeast, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.00359478%	0.00359478%
School's Proportionate Share of the Net Pension Liability	$ 874,375	$ 1,041,550
School's Covered-Employee Payroll	$ 374,054	$ 272,077
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	233.76%	382.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Columbus Southeast, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 10,972	$ 13,149	$ 7,941	$ 7,452
Contributions in Relation to the Contractually Required Contribution	(10,972)	(13,149)	(7,941)	(7,452)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 83,247	$ 94,870	$ 57,377	$ 55,405
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

Life Skills Center of Columbus Southeast, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 8,967	$ 8,591	$ 9,336	$ 12,176	$ 12,432	$ 9,926
(8,967)	(8,591)	(9,336)	(12,176)	(12,432)	(9,926)
$ -	$ -	$ -	$ -	$ -	$ -
$ 71,337	$ 63,449	$ 94,878	$ 123,992	$ 116,404	$ 93,819
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Life Skills Center of Columbus Southeast, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 50,795	$ 48,627	$ 35,370	$ 52,254
Contributions in Relation to the Contractually Required Contribution	(50,795)	(48,627)	(35,370)	(52,254)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 362,821	$ 374,054	$ 272,077	$ 401,954
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

Life Skills Center of Columbus Southeast, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 63,009	$ 64,877	$ 67,046	$ 63,245	$ 54,706	$ 31,559
(63,009)	(64,877)	(67,046)	(63,245)	(54,706)	(31,559)
$ -	$ -	$ -	$ -	$ -	$ -
$ 484,685	$ 499,054	$ 515,738	$ 486,500	$ 420,815	$ 242,762
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 28, 2015

To the Board of Directors
Life Skills Center of Columbus Southeast
Franklin County, Ohio
2400 South Hamilton Road
Columbus, Ohio 43232

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Columbus Southeast, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2015, 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 28, 2015, in which we noted the School restated the June 30, 2014 net position to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*."

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Columbus Southeast

Franklin County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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December 27, 2016

To the Board of Directors
Life Skills Center of Columbus Southeast
Franklin County, Ohio
2400 South Hamilton Road
Columbus, Ohio 43232

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Columbus Southeast, Franklin County, Ohio, (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2016, and the changes in financial position and the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4-8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Life Skills Center of Columbus Southeast (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, Net Position increased $5,945, which represents a 0.6 percent change from 2015. This increase was primarily due to expense decreases exceeding revenue decreases.

- Total assets decreased by $170,075, which represents a 68 percent change from 2015. This decrease was primarily due to a decrease in state aid receivable.

- Liabilities decreased $247,420, which represents a 21.6 percent change from 2015. This was due primarily to the decrease in continuing fees payable.

- Deferred outflows of resources increased $18,815, which represents a 26.5 percent change from 2015. This change represents contractually required amounts due to GASB 68.

- Deferred inflows of resources increased $90,215, which represents a 50.9 percent change from 2015. This change represents contractually required amounts due to GASB 68.

During 2015, the School adopted GASB Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2016. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2016 and fiscal year 2015.

Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 79,935	$ 250,010
Total Assets	79,935	250,010
Deferred Outflow of Resources		
Pension System	89,812	70,997
Liabilities		
Current Liabilities	12,756	177,586
Long Term Liabilities	887,184	969,774
Total Liabilities	899,940	1,147,360
Deferred Inflow of Resources		
Pension System	267,461	177,246
Net Position		
Unrestricted	(997,654)	(1,003,599)
Total Net Position	$ (997,654)	$ (1,003,599)

Total assets decreased by $170,075. This decrease was primarily due to a decrease in state aid receivable. Deferred outflows of resources increased $18,815. Liabilities decreased $247,420. This decrease is primarily due to the decrease in continuing fees payable. Deferred inflows of resources increased $90,215. The changes in deferred outflows and inflows of resources represent contractually required amounts due to GASB 68. The School operates under a management agreement with LS Eastland, LLC. Under the terms of the management agreement, LS Eastland, LLC is paid a specific percentage of the State and Federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2016 and fiscal year 2015, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2016	2015
Operating Revenue		
State Aid	$ 1,143,923	$ 1,470,644
Total Operating Revenue	1,143,923	1,470,644
Non-Operating Revenues		
Grants	156,403	154,791
Miscellaneous	16,770	24,171
Interest	136	34
Total Revenues	1,317,232	1,649,640
Operating Expenses		
Purchased Services: Management Fees	1,081,592	1,389,759
Mgmt Fee Contra - Pensing Funding	(43,978)	(61,767)
Purchased Services: Grant Programs	156,403	154,791
Sponsorship Fees	37,951	38,961
Pension	32,788	45,922
Board of Education	17,839	20,345
Legal	6,500	5,148
Advertising	-	495
Insurance: D&O & Liability	1,396	7,225
Auditing and Accounting	20,736	12,936
Depreciation	-	5,704
Bank fees	62	75
Total Operating Expenses	1,311,289	1,619,594
Change in Net Position	$ 5,943	$ 30,046

The School's operating and non-operating revenues in 2016 were based on the School's full-time equivalent (FTE) count of 125 and the School's federal grant funding received throughout the year. The decrease in School's revenue and expenses was primarily caused by the decrease in student enrollment. The School's most significant expenses, "Purchased services: management fees" are a result of the management agreement in place between the School and LS Eastland, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Eastland, LLC to fund operations (see notes to the financial statements, note 8).

Capital Assets

At the end of fiscal year 2016, the School had $24,899 of computer and software that is fully depreciated.

Current Financial Issues

The Life Skills Center of Columbus Southeast received revenue for 125 students in 2016 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,151 in fiscal year 2016. The School receives additional revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Columbus Southeast, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS		
Current assets		
Cash & cash equivalents	$	69,851
State aid receivable		1,358
Prepaid insurance		3,812
Grant funding receivable		4,914
Total assets		79,935
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		89,812
LIABILITIES		
Current liabilities		
Accounts payable		2,975
Continuing fee payable		1,867
Grant funding payable		7,914
Total current liabilities		12,756
Long term liabilities		
Net pension liability		887,184
Total liabilities		899,940
DEFERRED INFLOWS OF RESOURCES		
Pension system		267,461
NET POSITION		
Unrestricted		(997,654)
Total net position	$	(997,654)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES		
State basic aid	$	1,117,128
Facilities aid		18,678
Graduation bonus		167
Casino revenue		7,950
Total operating revenues		1,143,923
OPERATING EXPENSES		
Purchased services: Management fees		1,081,590
Management fee contra - Pension funding		(43,978)
Purchased services: Federal grant programs		151,337
Purchased services: State grant programs		5,066
Pension		32,788
Sponsorship fees		37,951
Board of education		17,839
Legal		6,500
Accounting & auditing		20,736
Bank fees		62
Insurance: D&O & liability		1,396
Total operating expenses		1,311,287
Operating loss		(167,364)
NON-OPERATING REVENUES		
Grants		151,337
Miscellaneous revenue		16,770
State grant income		5,066
Interest		136
Total non-operating revenues		173,309
Change in net position		5,945
Net position, July 1, 2015		(1,003,599)
Net position, June 30, 2016	$	(997,654)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,294,026
Cash payments to suppliers for goods and services		(1,487,307)
Net cash used for operating activities		(193,281)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		170,407
Cash received from miscellaneous revenue		16,770
Net cash received from noncapital financing activities		187,177
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		136
Net decrease in cash and cash equivalents		(5,968)
Cash and cash equivalents at beginning of year		75,819
Cash and cash equivalents at end of year	$	69,851
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(167,364)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		890
State aid receivable		147,897
Accounts receivable		5,128
Prepaid insurance		(3,812)
Deferred outflows of resources		(18,815)
Accounts payable		(2,902)
Grants funding payable		(15,054)
Net pension liability		(82,590)
Deferred inflows of resources		90,215
Continuing fees payable		(146,874)
Total adjustments		(25,917)
Net cash used for operating activities	$	(193,281)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Columbus Southeast (the School) is a federal 501(c)(3) tax-exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School was formerly named the Life Skills Center of Metro Cleveland, but officially changed its name to the Life Skills Center of Columbus Southeast on July 1, 2006. The School was relocated to 2400 South Hamilton Rd., Columbus, Ohio 43232. The School, which is part of the State's education program, is independent of any 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 contracts with LS Eastland, LLC for most of its functions (see note 8).

The School has signed a contract with St. Aloysius (the Sponsor) to operate the School from June 28, 2010 through June 30, 2015. Subsequently, the School signed an agreement with the Sponsor effective July 1, 2015 through June 30, 2018. The School operates under a self-appointing, six-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Eastland, LLC. The facility is staffed with teaching personnel employed by LS Eastland, LLC, who provide services to 125 students. The Board also operates the Life Skills Center of Columbus North in the City of Columbus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2016. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAR Ohio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2016, investments were limited to the State Treasurer's Investment Pool, STAR Ohio. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2016.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, Gaduation Bonus, Facilities Aid and casino tax distributions, which are reflected under "Operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenue in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2016 school year totaled $1,300,326.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2016, the School had $24,889 in computers and software that is fully depreciated.

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position consists of unrestricted.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all School deposits was $12,861. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, none of the School's bank balance of $12,861 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2016, the School had the following investments and maturities:

		Investment Maturities
Investment type	Measurement Value	6 months or less
STAROhio	$ 56,990	$ 56,990

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

4. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2016:

Investment type	Measurement Value	% to Total
STAROhio	$ 56,990	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $4,914 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2016.

Under the terms of the management agreement (see note 8), the School has recorded a liability to LS Eastland, LLC in the amount of $7,914 for 100 percent of any State and Federal monies uncollected or unpaid to LS Eastland, LLC as of June 30, 2016.

6. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2016, the School had $24,889 in computers and software that is fully depreciated.

7. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Eastland, LLC, LS Eastland, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims did not exceed insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $10,000, or $25,000 deductible, dependent on the claim.

8. AGREEMENT WITH LS EASTLAND, LLC

Effective January 21, 2009, the School entered into an extended five-year management agreement (Agreement) with LS Eastland, LLC, which is an educational consulting and management company. The Agreement's term expired June 30, 2014 and has renewed for two additional, successive five (5) year terms unless one party notifies the other party on or before February 1 prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Eastland, LLC. LS Eastland, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Eastland, LLC a monthly continuing fee of 94.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, all revenues and income received by the School except for charitable contributions and LS Eastland, LLC shall receive 100 percent of any and all grants (excluding Ed Jobs) or funding of any kind generated by LS Eastland, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Eastland, LLC based on the previous month's qualified gross revenues.

8. AGREEMENT WITH LS EASTLAND, LLC (continued)

The School had purchased service expenses for the year ended June 30, 2016, of $1,237,993 of which $9,781 was payable to LS Eastland, LLC at June 30, 2016. LS Eastland, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

The sponsor contract states that the School shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor contract. Such fees are paid to the Sponsor monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $37,951 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2016, LS Eastland, LLC and its affiliates incurred the following expenses on behalf of the School.

	2015
Expenses	
Direct expenses:	
Salaries & wages	$ 401,410
Employees' benefits	90,504
Professional & technical services	261,558
Property services	167,206
Travel	5,374
Communications	55,969
Utilities	26,785
Transportation	12,060
Books, periodicals, & films	1,640
Food and related supplies	24,957
Other supplies	82,749
Depreciation	1,800
Interest	320
Other direct costs	43,447
Indirect expenses:	
Overhead	258,982
Total expenses	$ 1,434,761

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $6,400 for fiscal year 2016.

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $37,578 for fiscal year 2016.

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$63,412	$823,772	$887,184
Proportion of the Net Pension Liability	0.00111130%	0.00298068%	
Pension Expense	$4,150	$28,638	$32,788

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

11. DEFINED BENEFIT PENSION PLANS (continued)

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred Outflows of Resources			
Differences between expected and actual experience	$1,270	$38,633	$39,903
Changes in proportion and differences	5,931	0	5,931
School contributions subsequent to the measurement date	6,400	37,578	43,978
Total Deferred Outflows of Resources	$13,601	$76,211	$89,812
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$6,867	$79,969	$86,836
Changes in proportion and differences	40,171	140,453	180,624
Total Deferred Inflows of Resources	$47,038	$220,422	$267,461

$43,978 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	$ (55,032)	$ (13,207)	$ (68,239)
2016	(55,032)	(13,207)	(68,239)
2015	(55,028)	(13,214)	(68,242)
2014	(16,697)	(208)	(16,905)
	$ (181,789)	$ (39,836)	$ (221,625)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

E. Actuarial Assumptions – SERS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$87,929	$63,412	$42,766

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

F. Actuarial Assumptions – STRS (continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$1,144,283	$823,772	$552,734

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned.

A. School Employee Retirement System (continued)

For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School's contributions for healthcare (including surcharge) for the fiscal year ending June 30, 2016, 2015, and 2014 was $47, $449, and $301, respectively.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ending June 30, 2016, 2015, and 2014 was $0, $0, $4,040, respectively; 100 percent has been contributed for fiscal year 2016, 2015 and 2014.

13. CONTINGENCIES

A. Grants

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

B. Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end.

B. Enrollment FTE (continued)

As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 and 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.0011113%	0.001885%	0.001885%
School's Proportionate Share of the Net Pension Liability	$ 63,412	$ 95,399	$ 112,095
School's Covered-Employee Payroll	$ 83,247	$ 55,317	$ 57,377
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	76.17%	172.46%	195.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.00298068%	0.003595%	0.003595%
School's Proportionate Share of the Net Pension Liability	$ 823,772	$ 874,375	$ 1,041,550
School's Covered-Employee Payroll	$ 362,821	$ 435,092	$ 272,077
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	227.05%	200.96%	382.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

	2016	2015	2014	2013
Contractually Required Contribution	$ 6,400	$ 10,972	$ 7,667	$ 7,941
Contributions in Relation to the Contractually Required Contribution	(6,400)	(10,972)	(7,667)	(7,941)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 45,714	$ 83,247	$ 55,317	$ 57,377
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

2012	2011	2010	2009	2008	2007
$ 7,452	$ 8,967	$ 8,591	$ 9,336	$ 12,176	$ 12,432
(7,452)	(8,967)	(8,591)	(9,336)	(12,176)	(12,432)
$ -	$ -	$ -	$ -	$ -	$ -
$ 55,405	$ 71,337	$ 63,449	$ 94,878	$ 123,992	$ 116,404
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

	2016	2015	2014	2013
Contractually Required Contribution	$ 37,578	$ 50,795	$ 56,562	$ 35,370
Contributions in Relation to the Contractually Required Contribution	(37,578)	(50,795)	(56,562)	(35,370)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 268,414	$ 362,821	$ 435,092	$ 272,077
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

2012	2011	2010	2009	2008	2007
$ 52,254	$ 63,009	$ 64,877	$ 67,046	$ 63,245	$ 54,706
(52,254)	(63,009)	(64,877)	(67,046)	(63,245)	(54,706)
$ -	$ -	$ -	$ -	$ -	$ -
$ 401,954	$ 484,685	$ 499,054	$ 515,738	$ 486,500	$ 420,815
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 27, 2016

To the Board of Directors
Life Skills Center of Columbus Southeast
Franklin County, Ohio
2400 South Hamilton Road
Columbus, Ohio 43232

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Columbus Southeast, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2016, 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 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Medina, Ohio

Life Skills Center of Columbus Southeast

Franklin County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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January 19, 2018

To the Board of Directors
Life Skills Center of Columbus Southeast
Franklin County, Ohio
2400 South Hamilton Road
Columbus, Ohio 43232

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Columbus Southeast, Franklin County, Ohio, (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4-8, 31-32, and 33-36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The discussion and analysis of the Life Skills Center of Columbus Southeast (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, Net Position increased $6,354, which represents a .6 percent change from 2016.
- Total assets increased by $1,458, which represents a 1.8 percent change from 2016. This increase was primarily due to an increase in state aid receivable offset by a decrease in cash and cash equivalents and grants receivable.
- Liabilities increased $289,294, which represents a 32.1 percent change from 2016. This increase is primarily due to an increase in long term liabilities and continuing fees payable.
- Deferred outflows of resources increased $159,407, which represents a 177.5 percent change from 2016. This change represents contractually required amounts due to GASB 68.
- Deferred inflows of resources decreased $134,783, which represents a 50.4 percent change from 2016. This change represents accruals due to GASB 68.

During a prior year, the School adopted GASB Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2017. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

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

(Table 1)
Statement of Net Position

	2017	2016
Assets		
Current Assets	$ 81,393	$ 79,935
Total Assets	81,393	79,935
Deferred Outflow of Resources		
Pension System	249,219	89,812
Liabilities		
Current Liabilities	19,672	12,756
Long Term Liabilities	1,169,562	887,184
Total Liabilities	1,189,234	899,940
Deferred Inflow of Resources		
Pension System	132,678	267,461
Net Position		
Unrestricted	(991,300)	(997,654)
Total Net Position	$ (991,300)	$ (997,654)

Total assets increased by $1,458. This increase was primarily due to an increase in state aid receivable offset by a decrease in cash and cash equivalents and grants receivable. Deferred outflows of resources increased $159,407. Liabilities increased $289,294. This increase is primarily due to the increase in net pension liability and continuing fees payable. Deferred inflows of resources decreased $134,783. The changes in deferred outflows and inflows of resources represent contractually required amounts due to GASB 68. The School operates under a management agreement with LS Eastland, LLC. Under the terms of the management agreement, LS Eastland, LLC is paid a specific percentage of the State and Federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2017 and fiscal year 2016, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2017	2016
Operating Revenue		
State Aid	$ 842,058	$ 1,143,923
Total Operating Revenue	842,058	1,143,923
Non-Operating Revenues		
Grants	77,263	156,403
Miscellaneous	17,940	16,770
Interest	455	136
Total Revenues	937,716	1,317,232
Operating Expenses		
Purchased Services: Management Fees	795,162	1,081,592
Purchased Services: Grant Programs	77,263	156,403
Sponsorship Fees	24,346	37,951
Pension	(11,813)	(11,190)
Board of Education	11,669	17,839
Legal	6,202	6,500
Insurance: D&O & Liability	5,434	1,396
Auditing and Accounting	22,999	20,736
Bank fees	100	62
Total Operating Expenses	931,362	1,311,289
Change in Net Position	$ 6,354	$ 5,943

The School's operating and non-operating revenues in 2017 were based on the School's full-time equivalent (FTE) count of 89 and the School's federal grant funding received throughout the year. The decrease in School's revenue and expenses was primarily caused by the decrease in student enrollment from 125 in 2016. The School's most significant expenses, "Purchased Services: Management Fees" are a result of the management agreement in place between the School and LS Eastland, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Eastland, LLC to fund operations (see notes to the financial statements, note 8).

Capital Assets

At the end of fiscal year 2017, the School had $24,899 of computer and software that is fully depreciated (See note 6).

Current Financial Issues

The Life Skills Center of Columbus Southeast received revenue for 89 students in 2017 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,461 in fiscal year 2017. The School receives additional revenues from grant subsidies.

Although there is a continuing possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Columbus Southeast, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Current assets		
Cash & cash equivalents	$	64,550
State aid receivable		8,574
Prepaid insurance		4,491
Grant funding receivable		3,778
Total assets		81,393
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		249,219
LIABILITIES		
Current liabilities		
Accounts payable		3,563
Continuing fee payable		8,103
Grant funding payable		8,006
Total current liabilities		19,672
Long term liabilities		
Net pension liability		1,169,562
Total liabilities		1,189,234
DEFERRED INFLOWS OF RESOURCES		
Pension system		132,678
NET POSITION		
Unrestricted		(991,300)
Total net position	$	(991,300)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES		
State basic aid	$	818,762
Facilities aid		17,640
Graduation bonus		77
Casino revenue		5,579
Total operating revenues		842,058
OPERATING EXPENSES		
Purchased services: Management fees		795,162
Purchased services: Federal grant programs		76,866
Purchased services: State grant programs		397
Pension		(11,813)
Sponsorship Fees		24,346
Board of Education		11,669
Legal		6,202
Accounting & Auditing		22,999
Bank Fees		100
Insurance: D&O & Liability		5,434
Total operating expenses		931,362
Operating loss		(89,304)
NON-OPERATING REVENUES		
Federal grant income		76,866
Miscellaneous revenue		17,940
State grant income		397
Interest		455
Total non-operating revenues		95,658
Change in net position		6,354
Net position, July 1, 2016		(997,654)
Net position, June 30, 2017	$	(991,300)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	834,164
Cash payments to suppliers for goods and services		(936,259)
Net cash used for operating activities		(102,095)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		78,399
Cash received from miscellaneous revenue		17,940
Net cash received from noncapital financing activities		96,339
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		455
Net decrease in cash and cash equivalents		(5,301)
Cash and cash equivalents at beginning of year		69,851
Cash and cash equivalents at end of year	$	64,550
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(89,304)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
State aid receivable		(7,216)
Prepaid insurance		(679)
Deferred outflows of resources		(159,407)
Accounts payable		588
Grants funding payable		92
Net pension liability		282,378
Deferred inflows of resources		(134,783)
Continuing fees payable		6,236
Total adjustments		(12,791)
Net cash used for operating activities	$	(102,095)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Columbus Southeast (the School) is a federal 501(c)(3) tax-exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School was formerly named the Life Skills Center of Metro Cleveland, but officially changed its name to the Life Skills Center of Columbus Southeast on July 1, 2006. The School was relocated to 2400 South Hamilton Rd., Columbus, Ohio 43232. The School, which is part of the State's education program, is independent of any 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 contracts with LS Eastland, LLC for most of its functions (see note 8).

The School has signed a contract with St. Aloysius (the Sponsor) to operate the School from June 28, 2010 through June 30, 2016. Subsequently, the School signed an agreement with the Sponsor effective July 1, 2016 through June 30, 2018. The School operates under a self-appointing, six-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Eastland, LLC. The facility is staffed with teaching personnel employed by LS Eastland, LLC, who provide services to 89 students. The Board also operates the Life Skills Center of Columbus North in the City of Columbus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2017. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAR Ohio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2017, 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 investments 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 their 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.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, Graduation Bonus, Facilities Aid and casino tax distributions, which are reflected under "Operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenue in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2017 school year totaled $919,321.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2017, all capital assets had been fully depreciated.

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position consists of unrestricted.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES

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

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

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

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

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

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all School deposits was $21,255. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, none of the School's bank balance of $21,255 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2017, the School had the following investments and maturities:

		Investment Maturities
Investment type	Measurement Value	6 months or less
STAROhio	$ 43,295	$ 43,295

The School categorized its fair value measurements within the 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 the School recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its net asset value (NAV). All other investments of the School are value using quoted market prices (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days and carries a rating of AAAm by S&P Global Ratings.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

4. DEPOSITS AND INVESTMENTS (continued)

B. 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 School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2017:

Investment type	Measurement Value	% to Total
STAROhio	$ 43,295	100.00

5. GRANT FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grant funding receivable" in the amount of $3,778 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2017.

Under the terms of the management agreement (see note 8), the School has recorded a liability to LS Eastland, LLC in the amount of $8,006 for 100 percent of any State and Federal monies uncollected or unpaid to LS Eastland, LLC as of June 30, 2017.

6. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2017, the School had $24,869 in computers and software that is fully depreciated.

7. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Eastland, LLC, LS Eastland, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims did not exceed insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $10,000, or $25,000 deductible, dependent on the claim.

8. AGREEMENT WITH LS EASTLAND, LLC

Effective January 21, 2009, the School entered into an extended five-year management agreement (Agreement) with LS Eastland, LLC, which is an educational consulting and management company. The Agreement's term expired June 30, 2015 and has renewed for two additional, successive five (5) year terms unless one party notifies the other party on or before February 1 prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Eastland, LLC. LS Eastland, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Eastland, LLC a monthly continuing fee of 94.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, all revenues and income received by the School except for charitable contributions and LS Eastland, LLC shall receive 100 percent of any and all grants (excluding Ed Jobs) or funding of any kind generated by LS Eastland, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Eastland, LLC based on the previous month's qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2017, of $872,425 of which $16,109 was payable to LS Eastland, LLC at June 30, 2017. LS Eastland, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

The sponsor contract states that the School shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor contract. Such fees are paid to the Sponsor monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $24,346 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2017, LS Eastland, LLC and its affiliates incurred the following expenses on behalf of the School.

		Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Vocational Instruction (1300 Function Codes)	Support Services (2000 Function Codes)	Total
		1100	1200	1300	2000	
Direct Expenses:						
Salaries & Wages	100	$ 143,817	$ 27,495		$ 180,320	$ 351,632
Employee Benefits	200	38,643	7,388		48,451	94,482
Professional & Technical Services	410	66,392	48,543	19,211	83,244	217,390
Property Services	420	60,210	11,511	9,871	75,493	157,085
Utilities	450	11,162	2,134	1,830	13,996	29,122
Transportation	480	2,920	558	479	3,661	7,618
Supplies	500	24,748	4,731	6,079	31,030	66,588
All other Capital Outlay	650-690	920	176	151	1,153	2,400
Other Direct Costs	860	56,220	10,748	9,217	70,489	146,674
Indirect Expenses:						
Overhead		72,032	13,771	11,809	90,315	187,927
Total Expenses		**$ 477,064**	**$ 127,055**	**$ 58,647**	**$ 598,152**	**$ 1,260,918**

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

A. Net Pension Liability (continued)

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

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

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

B. Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employees Retirement System (SERS) (continued)

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

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

The School's contractually required contribution to SERS was $6,777 for fiscal year 2017.

C. Plan Description – State Teachers Retirement System (STRS)

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

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

The School's contractually required contribution to STRS was $38,647 for fiscal year 2017.

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

11. DEFINED BENEFIT PENSION PLANS (continued)

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 117,991	$ 1,051,571	$ 1,169,562
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00161210%	0.00314155%	
Prior Measurement Date	0.00111130%	0.00298068%	
Change in Proportionate Share	0.00050080%	0.00016087%	
Pension Expense	$ 2,544	$ 31,067	$ 33,611

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 1,592	$ 42,489	$ 44,081
Net difference between projected and actual earnings on pension plan investments	9,731	87,308	97,039
Changes of assumptions	7,876	-	7,876
Changes in proportion and differences between School contributions and proportionate share of contributions	20,805	33,994	54,799
School contributions subsequent to the measurement date	6,777	38,647	45,424
Total Deferred Outflows of Resources	$ 46,781	$ 202,438	$ 249,219
Deferred Inflows of Resources			
Difference between School contributions and proportionate share of contributions	$ 27,337	$ 105,340	$ 132,678
Total Deferred Inflows of Resources	$ 27,337	$ 105,340	$ 132,678

11. DEFINED BENEFIT PENSION PLANS (continued)

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

$45,424 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$ (5,693)	$ (379)	$ (6,072)
2019	(5,692)	(386)	(6,078)
2020	27,806	10,635	38,441
2021	42,029	2,797	44,826
	$ 58,450	$ 12,667	$ 71,117

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.75 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	$156,213	$117,991	$85,998

F. Actuarial Assumptions – STRS

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

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$1,397,453	$1,051,571	$759,800

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School's net pension liability is expected to be significant.

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

12. POSTEMPLOYMENT BENEFITS (continued)

A. School Employee Retirement System (SERS) (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School's surcharge obligation was $776.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School's contributions for health care for the fiscal year ended June 30, 2015, was $449. The full amount has been contributed for fiscal year 2015.

B. State Teachers Retirement System (STRS)

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

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

13. CONTINGENCIES

A. Grants

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

B. Enrollment FTE

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2017.

As of the date of this report, all ODE adjustments through fiscal year 2017 have been completed.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2017 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

C. Litigation

The School isnot a party to legal proceedings, in the opinion of management, would have a material adverse effect on the financial statements.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
School's Proportion of the Net Pension Liability	0.00314155%	0.00298068%	0.00359478%	0.00359478%
School's Proportionate Share of the Net Pension Liability	$ 1,051,571	$ 823,773	$ 874,375	$ 1,041,550
School's Covered-Employee Payroll	$ 268,414	$ 362,821	$ 435,092	$ 272,077
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	391.77%	227.05%	200.96%	382.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
School's Proportion of the Net Pension Liability	0.00161210%	0.00111130%	0.00188500%	0.00188500%
School's Proportionate Share of the Net Pension Liability	$ 117,991	$ 63,412	$ 95,399	$ 112,095
School's Covered-Employee Payroll	$ 45,714	$ 83,247	$ 55,317	$ 57,377
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	258.11%	76.17%	172.46%	195.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.
The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:
School Employees Retirement System (SERS)
Changes of Benefit Terms: None.
Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 6,777	$ 6,400	$ 10,972	$ 7,667
Contributions in Relation to the Contractually Required Contribution	(6,777)	(6,400)	(10,972)	(7,667)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 48,407	$ 45,714	$ 83,247	$ 55,317
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 7,941	$ 7,452	$ 8,967	$ 8,591	$ 9,336	$ 12,176
(7,941)	(7,452)	(8,967)	(8,591)	(9,336)	(12,176)
$ -	$ -	$ -	$ -	$ -	$ -
$ 57,377	$ 55,405	$ 71,337	$ 63,449	$ 94,878	$ 123,992
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 38,647	$ 37,578	$ 50,795	$ 56,562
Contributions in Relation to the Contractually Required Contribution	(38,647)	(37,578)	(50,795)	(56,562)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 276,050	$ 268,414	$ 362,821	$ 435,092
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

LIFE SKILLS CENTER OF COLUMBUS SOUTHEAST
FRANKLIN COUNTY

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

2013	2012	2011	2010	2009	2008
$ 35,370	$ 52,254	$ 63,009	$ 64,877	$ 67,046	$ 63,245
(35,370)	(52,254)	(63,009)	(64,877)	(67,046)	(63,245)
$ -	$ -	$ -	$ -	$ -	$ -
$ 272,077	$ 401,954	$ 484,685	$ 499,054	$ 515,738	$ 486,500
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

January 19, 2018

To the Board of Directors
Life Skills Center of Columbus Southeast
Franklin County, Ohio
2400 South Hamilton Road
Columbus, Ohio 43232

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Columbus Southeast, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Columbus Southeast

Franklin County, Ohio

Management Letter

June 30, 2017

Rea & associates a brighter way

January 19, 2018

To the Board of Directors, Sponsor and Management
Life Skills Center of Columbus Southeast
Franklin County, Ohio
2400 South Hamilton Road
Columbus, Ohio 43232

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Columbus Southeast, Franklin County Ohio (the "School"), as of and for the year ended June 30, 2017, and have issued our report thereon dated January 19, 2018.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated January 19, 2018 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2017.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2018 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2016, to June 30, 2017. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38 states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2017 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.

Opportunities for Business Improvement

According to the School's excused absence policy, the student must provide the School with a written statement of the cause for absence from the parent or guardian within five schools days, or the absence will be considered unexcused. The written statement is in addition to calling the School to inform them of the absence and reason.

During our testing, we noted instances in which written statements were not retained to support the phone call log to justify the absence as being excused. We recommend the School ensure that all written statements pertaining to the cause of the absence be retained with the phone call logs to ensure compliance with the applicable policies.

Rea & associates a brighter way

Life Skills Center of Dayton
Montgomery County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015

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LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY

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December 28, 2015

To the Board of Directors
Life Skills Center of Dayton
Montgomery County, Ohio
1721 North Main Street
Dayton, Ohio 45405

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Dayton, Montgomery County, Ohio (the "School") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2015, 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.

Emphasis of a Matter

As described in Note 3, the School restated the June 30, 2014 net position balance to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the School's Proportionate Share of the Net Pension Liability*, and *Schedule of School Contributions* on pages 4-9, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Life Skills Center of Dayton (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

- In total, Net Position increased $113,087, which represents a 10.4 percent increase from 2014. This increase was primarily due to the decreases in management fees and grant expense.

- Total assets increased $246,870, which represents a 51.9 percent increase from 2014. This is primarily due to increases in state aid receivable and cash and cash equivalents.

- Liabilities decreased $79,009, which represents a 4.9 percent decrease from 2014. The decrease is primarily due to the decrease in net pension liability.

- Deferred outflows of resources increased $29,209, which represents a 45.4 percent change. This change represents contractually required amounts due to GASB 68

- Deferred outflows of resources increased $242,001, which is the first year in which it was recorded. This change is due to the implementation of GASB 68

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $422,638 to ($1,083,242).

Financial Highlights (continued)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implantation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $64,389 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows and deferred outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $43,017. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$	2,495,803
Pension expense under GASB 68		(43,017)
2015 contractually required contribution		80,999
Adjusted 2015 program expenses		2,533,785
Total 2014 program expenses under GASB 27		2,809,135
Decrease in program expenses not related to pension	$	(275,350)

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2015. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2015 and fiscal year 2014.

(Table 1)
Statement of Net Position

	2015	Restated 2014
Assets		
Current Assets	$ 718,338	$ 466,275
Capital Assets, Net	4,611	9,804
Total Assets	722,949	476,079
Deferred Outflow of Resources		
Pension System	93,598	64,389
Liabilities		
Current Liabilities	225,206	53,441
Long Term Liabilities	1,319,495	1,570,269
Total Liabilities	1,544,701	1,623,710
Deferred Inflow of Resources		
Pension System	242,001	-
Net Position		
Investment in Capital Assets	4,611	9,804
Unrestricted	(974,766)	(1,093,046)
Total Net Position	$ (970,155)	$ (1,083,242)

Total assets increased $246,870. This is primarily due to the increases in state aid receivable, cash and cash equivalents. Liabilities decreased by $78,009. This decrease corresponds primarily to the decrease in net pension liability. Deferred outflows of resources increased $29,209. Deferred inflows of resources increased $242,001. These changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68. The School operates under a management agreement with WHLS of Ohio, LLC (WHLS), and under the terms of the management agreement, WHLS is paid a specific percentage of the State and Federal revenues that the School receives (See Notes to the Basic Financial Statements, Note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2015 and 2014, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2015	2014
Operating Revenue		
State Aid	$ 2,298,128	$ 2,420,235
Total Operating Revenue	2,298,128	2,420,235
Non-Operating Revenues		
Grants	286,801	426,763
Miscellaneous	23,741	1,000
Interest Income	220	87
Total Revenues	2,608,890	2,848,085
Operating Expenses		
Management Fees	2,159,209	2,279,452
Mgmt Fee Contra - Pension Funding	(80,999)	-
Grant Programs	286,801	426,763
Sponsorship Fees	56,305	77,478
Pension Expense	43,017	-
Board of Education	3,602	3,857
Legal	1,670	3,080
Advertising	282	729
Insurance	7,646	7,205
Auditing and Accounting	13,005	4,945
Depreciation	5,193	5,194
Miscellaneous	72	432
Total Operating Expenses	2,495,803	2,809,135
Change in Net Position	$ 113,087	$ 38,950

State Aid revenues decreased in 2015 due to a decrease in full-time equivalent (FTE) enrollment. The School's most significant expense, Management Fees, decreased because of the decrease in state aid in accordance with the management agreement in place between the School and WHLS. Grant Programs decreased because of the decrease in grant revenue in accordance with the management agreement. The agreement provides that specific percentages of the revenues received by the School will be paid to WHLS to fund operations.

Capital Assets

At the end of fiscal year 2015, the School had $4,611 invested in equipment and computers and software. The decrease of $5,193 was due to depreciation expense exceeding additions throughout the year. Table 3 shows the respective balances for fiscal year 2015 and fiscal year 2014.

(Table 3)
Capital Assets (Net of Depreciation)

	2015	2014
Equipment	$ 4,611	$ 7,684
Computers and software	-	2,120
Totals	$ 4,611	$ 9,804

For more information on capital assets, see Note 7 in the Notes to the Basic Financial Statements.

Current Financial Issues

The Life Skills Center of Dayton received revenue for 237 students in 2015 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives most of its support from State Aid. Per pupil revenue from State Aid for the School averaged $9,697 in fiscal year 2015. The School receives additional revenues from grant subsidies and from other schools.

Although there is a possibility that State Aid will continue to be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (See Notes to the Basic Financial Statements, Note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Dayton, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Current assets		
Cash & cash equivalents	$	494,509
State aid receivable		185,485
Continuing fees receivable		890
Grant funding receivable		37,454
Total current assets		718,338
Noncurrent assets		
Capital assets, net		4,611
Total assets		722,949
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		93,598
LIABILITIES		
Current liabilities		
Accounts payable		5,288
Continuing fees payable		182,465
Grant funding payable		37,453
Total current liabilities		225,206
Long term liabilities		
Net pension liability		1,319,495
Total liabilities		1,544,701
DEFERRED INFLOWS OF RESOURCES		
Pension system		242,001
NET POSITION		
Investment in capital assets		4,611
Unrestricted net position		(974,766)
Total net position	$	(970,155)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES		
State basic aid	$	2,267,867
Facilities aid		17,010
Casino revenue		13,251
Total operating revenues		2,298,128
OPERATING EXPENSES		
Management fees		2,159,209
Mgmt fee conta - pension funding		(80,999)
Grant programs		286,801
Sponsorship fees		56,305
Pension expense		43,017
Board of education		3,602
Legal		1,670
Advertising		282
Accounting & auditing		13,005
Bank fees		72
Insurance: D&O & liability		7,646
Depreciation expense		5,193
Total operating expenses		2,495,803
Operating loss		(197,675)
NON-OPERATING REVENUE		
Grants		286,801
Miscellaneous revenue		23,741
Interest		220
Total non-operating revenue		310,762
Change in net position		113,087
Net position, June 30, 2014 (restated - see note 3)		(1,083,242)
Net position, June 30, 2015	$	(970,155)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	2,298,128
Cash payments to suppliers for goods and services		(2,543,202)
Net cash used for operating activities		(245,074)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		273,716
Cash received from miscellaneous revenue		23,741
Net cash received from noncapital financing activities		297,457
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		220
Net increase in cash and cash equivalents		52,603
Cash and cash equivalents at beginning of year		441,906
Cash and cash equivalents at end of year	$	494,509
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(197,675)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		5,193
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(890)
State aid receivable		(185,485)
Sponsorship fees receivable		(90)
Pension deferred outflows		(29,209)
Accounts payable		(1,298)
Grants funding payable		(2,273)
Net pension liability		(250,774)
Pension deferred inflows		242,001
Management fees payable		175,426
Total adjustments		(47,399)
Net cash used for operating activities	$	(245,074)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Dayton (the School) is a federal tax exempt 501(c)(3) and state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with WHLS of Ohio, LLC (WHLS) for most of its functions (see note 8).

The School signed a contract with St. Aloysius to operating the School from July 1, 2009 through June 30, 2015. Subsequently, the School signed an agreement with the Sponsor effective May 2015 through June 2018. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is staffed with teaching personnel employed by WHLS, who provides services to 237 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2015; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2015, investments were limited to the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2015.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program and casino tax distributions which is reflected under "Operating Revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions 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 fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2015 school year totaled $2,584,929.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2015, the School's capital assets had a net book value of $4,611 (see note 7). Depreciation is computed by the straight-line method over three years for "Computers and Software", and five years for "Equipment".

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with WHLS (see note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are from State Aid payments and other schools. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the government-wide statement of net position pension. The deferred outflows of resources related to pension are explained in note 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Outflows and Deferred Inflows of Resources (continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported. The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$422,638
Adjustments:	
Net Pension Liability	(1,570,269)
Deferred Outflow - Payments Subsequent to Measurement Date	64,389
Restated Net Position June 30, 2014	($1,083,242)

Other than employer contributions subsequent to the measurement date, the School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all School deposits was $26,237. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, none of the School's bank balance of $26,237 was exposed to custodial risk as discussed below, while $26,237 was covered by the Federal Depository Insurance Corporation.

4. DEPOSITS AND INVESTMENTS (continued)

A. Deposits with Financial Institutions (continued)

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2015, the School had the following investments and maturities:

		Investment Maturities		
Investment type	Balance at Fair Value	6 months or less	7 to 12 months	Greater than 24 months
STAROhio	$ 468,272	$ 468,272	$ -	$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015 is 53 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2015:

Investment type	Fair Value	% to Total
STAROhio	$ 468,272	100

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $37,454 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2015.

Additionally, under the terms of the management agreement (see note 8), the School has recorded a liability to WHLS in the amount of $37,453 for 100 percent of any State and Federal monies uncollected or unpaid to WHLS as of June 30, 2015.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $15,000, or $25,000 deductible, dependent on the claim.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2015, the School's capital assets consisted of the following:

	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Capital Assets Being Depreciated:				
Equipment	$ 163,247	$ -	$ -	$ 163,247
Computers and Software	6,360	-	-	6,360
Total Capital Assets Being Depreciated	169,607	-	-	169,607
Less Accumulated Depreciation:				
Equipment	(155,563)	(3,073)	-	(158,636)
Computers and Software	(4,240)	(2,120)	-	(6,360)
Total Accumulated Depreciation	(159,803)	(5,193)	-	(164,996)
Total Capital Assets Being Depreciated, Net	$ 9,804	$ (5,193)	$ -	$ 4,611

8. AGREEMENT WITH WHLS

Effective December 12, 2008, the School entered into an extended five-year Management Agreement (Agreement) with WHLS, which is an educational consulting and management company. The Agreement will automatically renew for additional, successive five (5) year terms unless one party notifies the other party at least six (6) months prior to the expiration of the then-current term of its intention not to renew. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay WHLS a monthly continuing fee of 94.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, revenues and income received by the School from Basic State Funding and that the School will pay the Company 100 percent of all contributions and grants, with the exception of State and Federal food service revenue, as that program is operated by the School. The continuing fee is paid to WHLS based on the previous month's qualified gross revenues.

8. AGREEMENT WITH WHLS (continued)

The School had management fee and grant program expenses for the year ended June 30, 2015, to WHLS of $2,446,010 of which $219,918 was payable to WHLS at June 30, 2015. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel (excluding Ed Jobs personnel), curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

The sponsor contract with St. Aloysius states that the School "…shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to St. Aloysius monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $56,305 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2015, WHLS of Ohio, LLC and it affiliates incurred the following expenses on behalf of the School.

	2015
Expenses	
Direct Expenses:	
Salaries & wages	$ 570,138
Employees' benefits	118,408
Professional & technical services	165,335
Property services	171,094
Travel	2,303
Communications	34,856
Utilities	28,845
Transportation	33,944
Books, periodicals, & films	1,661
Food & related supplies	21,592
Other supplies	70,077
Depreciation	1,017
Other direct costs	58,656
Indirect Expenses:	
Overhead	459,820
Total Expenses	$ 1,737,746

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employees Retirement System (SERS) (continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $8,030 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement System (STRS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio

Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS)(continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $72,969 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$92,970	$1,226,525	$1,319,495
Proportion of the Net Pension Liability	0.001837%	0.00504256%	
Pension Expense	$3,443	$39,574	$43,017

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$791	$11,808	$12,599
School District contributions subsequent to the measurement date	8,030	72,969	80,999
Total Deferred Outflows of Resources	$8,821	$84,777	$93,598
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$15,089	$226,912	$242,001
Total Deferred Inflows of Resources	$15,089	$226,912	$242,001

11. DEFINED BENEFIT PENSION PLANS (continued)

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

$80,999 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2016	($3,575)	($53,776)	($57,351)
2017	(3,575)	(53,776)	(57,351)
2018	(3,575)	(53,776)	(57,351)
2019	(3,573)	(53,776)	(57,349)
Total	($14,298)	($215,104)	($229,402)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$132,640	$92,970	$59,603

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$1,755,904	$1,226,525	$778,848

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge WHLS' contributions on behalf of the School assigned to health care for the years ended June 30, 2015, 2014, and 2013, were $438, $294, and $0, respectively.

B. State Teachers Retirement System

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

12. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System (continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were $0, $5,667, and $4,864, respectively; 100 percent has been contributed for fiscal years 2015, 2014, and 2013.

13. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

Life Skills Center of Dayton, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.001837%	0.001837%
School's Proportionate Share of the Net Pension Liability	$ 92,970	$ 109,240
School's Covered-Employee Payroll	$ 39,069	$ 59,545
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	237.96%	183.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Dayton, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.005043%	0.005043%
School's Proportionate Share of the Net Pension Liability	$ 1,226,525	$ 1,461,029
School's Covered-Employee Payroll	$ 453,646	$ 374,154
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	270.37%	390.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Dayton, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 8,030	$ 5,415	$ 8,241	$ 4,725
Contributions in Relation to the Contractually Required Contribution	(8,030)	(5,415)	(8,241)	(4,725)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 60,926	$ 39,069	$ 59,545	$ 35,130
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

Life Skills Center of Dayton, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 7,755	$ 13,577	$ 10,480	$ 6,995	$ 8,327	$ 17,743
(7,755)	(13,577)	(10,480)	(6,995)	(8,327)	(17,743)
$ -	$ -	$ -	$ -	$ -	$ -
$ 61,695	$ 100,273	$ 106,504	$ 71,232	$ 77,968	$ 167,703
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Life Skills Center of Dayton, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 72,969	$ 58,974	$ 48,640	$ 67,792
Contributions in Relation to the Contractually Required Contribution	(72,969)	(58,974)	(48,640)	(67,792)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 521,207	$ 453,646	$ 374,154	$ 521,477
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

Life Skills Center of Dayton, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 77,594	$ 90,140	$ 81,115	$ 71,101	$ 72,406	$ 63,931
(77,594)	(90,140)	(81,115)	(71,101)	(72,406)	(63,931)
$ -	$ -	$ -	$ -	$ -	$ -
$ 596,877	$ 693,385	$ 623,962	$ 546,931	$ 556,969	$ 491,777
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 28, 2015

To the Board of Directors
Life Skills Center of Dayton
Montgomery County, Ohio
1721 North Main Street
Dayton, Ohio 45405

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Dayton, Montgomery County, Ohio (the "School") as of and for the year ended June 30, 2015, 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 28, 2015, in which we noted the School restated the June 30, 2014 net position to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*."

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Dayton
Montgomery County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016

CPAs and business consultants
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LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY

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December 27, 2016

To the Board of Directors
Life Skills Center of Dayton
Montgomery County, Ohio
1721 North Main Street
Dayton, Ohio 45405

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Dayton, Montgomery County, Ohio, (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2016, and the changes in financial position and the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4-8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Life Skills Center of Dayton (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

- In total, Net Position increased $50,226, which represents a 5.2 percent increase from 2015.
- Total assets decreased $151,377, which represents a 20.9 percent decrease from 2015. This is primarily due to decrease in state aid receivable.
- Liabilities decreased $188,519, which represents a 12.2 percent decrease from 2015. The decrease is primarily due to the decrease in continuing fees payable.
- Deferred outflows of resources increased $35,386, which represents a 37.8 percent change from 2015. This change represents contractually required amounts due to GASB 68.
- Deferred inflows of resources increased $22,302, which represents a 9.2 percent change from 2015. This change represents contractually required amounts due to GASB 68.

During 2015, the School adopted GASB Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2016. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2016 and fiscal year 2015.

(Table 1)
Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 570,035	$ 718,338
Capital Assets, Net	1,537	4,611
Total Assets	571,572	722,949
Deferred Outflow of Resources		
Pension System	128,984	93,598
Liabilities		
Current Liabilities	40,788	225,206
Long Term Liabilities	1,315,394	1,319,495
Total Liabilities	1,356,182	1,544,701
Deferred Inflow of Resources		
Pension System	264,303	242,001
Net Position		
Investment in Capital Assets	1,537	4,611
Unrestricted	(921,466)	(974,766)
Total Net Position	$ (919,929)	$ (970,155)

Total assets decreased $151,377. This is primarily due to the decrease in state aid receivable. Liabilities decreased by $188,519. This decrease corresponds primarily to the decrease in continuing fees payable. Deferred outflows of resources increased $35,386. Deferred inflows of resources increased $22,302. These changes in deferred outflows and inflows of resources represent contractually required amounts due to GASB 68. The School operates under a management agreement with WHLS of Ohio, LLC (WHLS), and under the terms of the management agreement, WHLS is paid a specific percentage of the State and Federal revenues that the School receives (See Notes to the Basic Financial Statements, Note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2016 and 2015, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2016	2015
Operating Revenue		
State Aid	$ 1,712,711	$ 2,298,128
Total Operating Revenue	1,712,711	2,298,128
Non-Operating Revenues		
Grants	229,186	286,801
Miscellaneous	15,720	23,741
Interest Income	1,410	220
Total Revenues	1,959,027	2,608,890
Operating Expenses		
Purchased Services: Management Fees	1,607,828	2,159,209
Mgmt Fee Contra - Pension Funding	(70,878)	(80,999)
Purchased Services: Grant Programs	229,186	286,801
Sponsorship Fees	55,165	56,305
Pension	53,693	43,017
Board of Education	2,400	3,602
Legal	4,925	1,670
Advertising	-	282
Insurance: D & O Liability	2,541	7,646
Auditing and Accounting	20,805	13,005
Depreciation	3,074	5,193
Bank Fees	62	72
Total Operating Expenses	1,908,801	2,495,803
Change in Net Position	$ 50,226	$ 113,087

The School's operating and non-operating revenues in 2016 were based on the School's full-time equivalent (FTE) count of 172 and the School's federal grant funding received throughout the year. The decrease in School's revenue and expenses was primarily caused by the decrease in student enrollment. The School's most significant expenses, "Purchased services: management fees" are a result of the management agreement in place between the School and WHLS. The agreement provides that specific percentages of the revenues received by the School will be paid to WHLS to fund operations (see notes to the financial statements, note 8).

Capital Assets

At the end of fiscal year 2016, the School had $1,537 invested in equipment. Table 3 shows the respective balances for fiscal year 2016 and fiscal year 2015.

(Table 3)
Capital Assets (Net of Depreciation)

	2016	2015
Equipment	$ 1,537	$ 4,611
Totals	$ 1,537	$ 4,611

For more information on capital assets, see Note 7 in the Notes to the Basic Financial Statements.

Current Financial Issues

The Life Skills Center of Dayton received revenue for 172 students in 2016 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives most of its support from State Aid. Per pupil revenue from State Aid for the School averaged $9,958 in fiscal year 2016. The School receives additional revenues from grant subsidies and from other schools.

Although there is a possibility that State Aid will continue to be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (See Notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Dayton, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS		
Current assets		
Cash & cash equivalents	$	536,183
State aid receivable		21,684
Prepaid insurance		3,382
Grant funding receivable		8,786
Total current assets		570,035
Noncurrent assets		
Capital assets, net		1,537
Total assets		571,572
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		128,984
LIABILITIES		
Current liabilities		
Accounts payable		2,950
Continuing fees payable		20,367
Grant funding payable		17,471
Total current liabilities		40,788
Long term liabilities		
Net pension liability		1,315,394
Total liabilities		1,356,182
DEFERRED INFLOWS OF RESOURCES		
Pension system		264,303
NET POSITION		
Invested in capital assets		1,537
Unrestricted		(921,466)
Total net position	$	(919,929)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES		
State basic aid	$	1,675,022
Facilities aid		25,847
Graduation bonus		669
Casino revenue		11,173
Total operating revenues		1,712,711
OPERATING EXPENSES		
Purchased services: Management fees		1,607,828
Management fee contra - Pension funding		(70,878)
Purchased services: Federal grant programs		219,652
Purchased services: State grant programs		9,534
Pension		53,693
Sponsorship fees		55,165
Board of education		2,400
Legal		4,925
Accounting & auditing		20,805
Bank fees		62
Insurance: D&O & liability		2,541
Depreciation		3,074
Total operating expenses		1,908,801
Operating loss		(196,090)
NON-OPERATING REVENUES		
Federal grants		219,652
State grants		9,534
Miscellaneous		15,720
Interest		1,410
Total non-operating revenues		246,316
Change in net position		50,226
Net position, July 1, 2015		(970,155)
Net position, June 30, 2016	$	(919,929)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,877,094
Cash payments to suppliers for goods and services		(2,110,404)
Net cash used for operating activities		(233,310)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		257,854
Cash received from miscellaneous revenue		15,720
Net cash received from noncapital financing activities		273,574
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		1,410
Net increase in cash and cash equivalents		41,674
Cash and cash equivalents at beginning of year		494,509
Cash and cash equivalents at end of year	$	536,183
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(196,090)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		3,074
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		890
State aid receivable		163,801
Prepaid insurance		(3,382)
Pension deferred outflows		(35,386)
Accounts payable		(2,338)
Grants funding payable		(19,982)
Net pension liability		(4,101)
Pension deferred inflows		22,302
Continuing fees payable		(162,098)
Total adjustments		(37,220)
Net cash used for operating activities	$	(233,310)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Dayton (the School) is a federal tax exempt 501(c)(3) and state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with WHLS of Ohio, LLC (WHLS) for most of its functions (see note 8).

The School signed a contract with St. Aloysius to operating the School from July 1, 2009 through June 30, 2015. Subsequently, the School signed an agreement with the Sponsor effective May 2015 through June 2018. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is staffed with teaching personnel employed by WHLS, who provides services to 172 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2016; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAR Ohio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2016, investments were limited to the State Treasurer's Investment Pool, STAR Ohio. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2016.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, graduation bonus, and casino tax distributions, which is reflected under "Operating Revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions 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 fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2016 school year totaled $1,941,897.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2016, the School's capital assets had a net book value of $1,537 (see note 7). Depreciation is computed by the straight-line method over five years for "Equipment".

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with WHLS (see note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position consists of capital assets, net of accumulated depreciation, and unrestricted.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are from State Aid payments and other schools. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the government-wide statement of net position pension. The deferred outflows of resources related to pension are explained in note 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows and Deferred Inflows of Resources (continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all School deposits was $34,620. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, none of the School's bank balance of $34,620 was exposed to custodial risk as discussed below, while $34,620 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2016, the School had the following investments and maturities:

Investment type	Measurement Value	6 months or less
STAROhio	$ 501,563	$ 501,563

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016 is 49 days.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

4. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2016:

Investment type	Measurement Value	% to Total
STAROhio	$ 501,563	100

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $8,786 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2016.

Additionally, under the terms of the management agreement (see note 8), the School has recorded a liability to WHLS in the amount of $17,471 for 100 percent of any State and Federal monies uncollected or unpaid to WHLS as of June 30, 2016.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $15,000, or $25,000 deductible, dependent on the claim.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2016, the School's capital assets consisted of the following:

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Capital Assets				
Being Depreciated:				
Equipment	$ 163,247	$ -	$ -	$ 163,247
Total Capital Assets Being Depreciated	163,247	-	-	163,247
Less Accumulated Depreciation:				
Equipment	(158,636)	(3,074)	-	(161,710)
Total Accumulated Depreciation	(158,636)	(3,074)	-	(161,710)
Total Capital Assets Being Depreciated, Net	$ 4,611	$ (3,074)	$ -	$ 1,537

8. AGREEMENT WITH WHLS

Effective December 12, 2008, the School entered into an extended five-year Management Agreement (Agreement) with WHLS, which is an educational consulting and management company. The Agreement will automatically renew for additional, successive five (5) year terms unless one party notifies the other party at least six (6) months prior to the expiration of the then-current term of its intention not to renew. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School.

The School is required to pay WHLS a monthly continuing fee of 94.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, revenues and income received by the School from Basic State Funding and that the School will pay the Company 100 percent of all contributions and grants, with the exception of State and Federal food service revenue, as that program is operated by the School. The continuing fee is paid to WHLS based on the previous month's qualified gross revenues.

In November of 2010, an amendment to the management agreement was made allowing the School Board to employ school level personnel. "Both parties agree that this amendment is only in effect for the term of the Education Jobs Fund Program funding." Both parties also agree that at the end of the Ed Jobs funding "this Amendment will terminate."

The School had purchased service expenses for the year ended June 30, 2016, to WHLS of $1,837,014 of which $37,838 was payable to WHLS at June 30, 2016. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel (excluding Ed Jobs personnel), curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

The sponsor contract with St. Aloysius states that the School "…shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to St. Aloysius monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $55,165 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2016, WHLS of Ohio, LLC and it affiliates incurred the following expenses on behalf of the School

	2016
Expenses	
Direct Expenses:	
Salaries & wages	$ 619,998
Employees' benefits	148,434
Professional & technical services	206,133
Property services	172,788
Travel	5,710
Communications	48,531
Utilities	27,504
Transportation	25,820
Books, periodicals, & films	2,090
Food & related supplies	24,171
Other supplies	52,734
Depreciation	1,800
Interest	27
Other direct costs	51,332
Indirect Expenses:	
Overhead	376,103
Total Expenses	$ 1,763,175

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services.

11. DEFINED BENEFIT PENSION PLANS (continued)

A. Net Pension Liability (continued)

Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employees Retirement System (SERS)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $7,788 for fiscal year 2016.

C. Plan Description – State Teachers Retirement System (STRS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016.

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS)

For the fiscal year ended June 30, 2016, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $63,090 for fiscal year 2016.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$102,447	$1,212,947	$1,315,394
Proportion of the Net Pension Liability	0.00179540%	0.00438884%	
Pension Expense	$7,038	$46,655	$53,693

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,662	$56,454	$58,016
School's contributions subsequent to the measurement date	7,778	63,090	70,878
Total Deferred Outflows of Resources	$9,440	$119,544	$128,894
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$3,652	$109,297	$112,949
Changes in proportion and differences	1,841	149,513	151,354
Total Deferred Inflows of Resources	$5,493	$258,810	$264,303

$70,878 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	$ (64,036)	$ (1,901)	$ (65,937)
2016	(64,036)	(1,901)	(65,937)
2015	(64,036)	(1,912)	(65,948)
2014	(10,260)	1,884	(8,376)
	$ (202,368)	$ (3,830)	$ (206,198)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class.

The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$142,058	$102,447	$69,092

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$1,755,904	$1,212,947	$778,848

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

12. POSTEMPLOYMENT BENEFITS (continued)

A. School Employee Retirement System (continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School's contributions for healthcare (including surcharge) for the fiscal year ending June 30, 2016, 2015, and 2014 was $58, $438, and $294, respectively.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ending June 30, 2016, 2015, and 2014 was $0, $0, $5,667, respectively; 100 percent has been contributed for fiscal year 2016, 2015 and 2014.

13. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 and 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employee Retirement System of Ohio
Last Three Fiscal Years (1)

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.001795%	0.001837%	0.001837%
School's Proportionate Share of the Net Pension Liability	$ 102,447	$ 92,970	$ 109,240
School's Covered-Employee Payroll	$ 60,926	$ 53,925	$ 59,545
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	168.15%	172.41%	183.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teacher Retirement System of Ohio
Last Three Fiscal Years (1)

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.0043884%	0.005043%	0.005043%
School's Proportionate Share of the Net Pension Liability	$ 1,212,947	$ 1,226,525	$ 1,461,029
School's Covered-Employee Payroll	$ 521,207	$ 610,323	$ 374,154
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	232.72%	200.96%	390.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$ 7,778	$ 8,030	$ 7,474	$ 8,241
Contributions in Relation to the Contractually Required Contribution	(7,778)	(8,030)	(7,474)	(8,241)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 55,557	$ 60,926	$ 53,925	$ 59,545
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2012	2011	2010	2009	2008	2007
$ 4,725	$ 7,755	$ 13,577	$ 10,480	$ 6,995	$ 8,327
(4,725)	(7,755)	(13,577)	(10,480)	(6,995)	(8,327)
$ -	$ -	$ -	$ -	$ -	$ -
$ 35,130	$ 61,695	$ 100,273	$ 106,504	$ 71,232	$ 77,968
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$ 63,090	$ 72,969	$ 79,342	$ 48,640
Contributions in Relation to the Contractually Required Contribution	(63,090)	(72,969)	(79,342)	(48,640)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 450,643	$ 521,207	$ 610,323	$ 374,154
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2012	2011	2010	2009	2008	2007
$ 67,792	$ 77,594	$ 90,140	$ 81,115	$ 71,101	$ 72,406
(67,792)	(77,594)	(90,140)	(81,115)	(71,101)	(72,406)
$ -	$ -	$ -	$ -	$ -	$ -
$ 521,477	$ 596,877	$ 693,385	$ 623,962	$ 546,931	$ 556,969
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 27, 2016

To the Board of Directors
Life Skills Center of Dayton
Montgomery County, Ohio
1721 North Main Street
Dayton, Ohio 45405

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Dayton, Montgomery County, Ohio (the "School") as of and for the year ended June 30, 2016, 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 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Life Skills Center of Dayton
Montgomery County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY

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January 19, 2018

To the Board of Directors
Life Skills Center of Dayton
Montgomery County, Ohio
1721 North Main Street
Dayton, Ohio 45405

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Dayton, Montgomery County, Ohio, (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4-8, 31-32, and 33-36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

- In total, Net Position decreased $34,960, which represents a 3.8 percent decrease from 2016.
- Total assets increased $26,375, which represents a 4.6 percent increase from 2016. This is primarily due to an increase in cash and cash equivalents and grant funding receivable offset by a decrease in state aid receivable.
- Liabilities increased $498,631, which represents a 36.8 percent increase from 2016. The increase is primarily due to the increase in net pension liability, and grant funding payable, offset by a decrease in continuing fees payable.
- Deferred outflows of resources increased $286,380, which represents a 220 percent change from 2016. This change represents contractually required amounts due to GASB 68.
- Deferred inflows of resources decreased $150,916, which represents a 57.1 percent change from 2016. This change represents changes in accruals related to GASB 68.

During a prior year, the School adopted GASB Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2017. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

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

(Table 1)
Statement of Net Position

	2017	2016
Assets		
Current Assets	$ 597,947	$ 570,035
Capital Assets, Net	-	1,537
Total Assets	597,947	571,572
Deferred Outflow of Resources		
Pension System	415,364	128,984
Liabilities		
Current Liabilities	48,380	40,788
Long Term Liabilities	1,806,433	1,315,394
Total Liabilities	1,854,813	1,356,182
Deferred Inflow of Resources		
Pension System	113,387	264,303
Net Position		
Investment in Capital Assets	-	1,537
Unrestricted	(954,889)	(921,466)
Total Net Position	$ (954,889)	$ (919,929)

Total assets increased $26,375. This is primarily due to an increase in cash and cash equivalents and grant funding receivable offset by a decrease in state aid payable. Liabilities increased $498,631. This increase is due to an increase in net pension liability, and grant funding payable, offset by a decrease in continuing fees payable. Deferred outflows of resources increased $286,380. Deferred inflows of resources decreased $150,916. These changes in deferred outflows and inflows of resources represent changes due to GASB 68. The School operates under a management agreement with WHLS of Ohio, LLC (WHLS), and under the terms of the management agreement, WHLS is paid a specific percentage of the State and Federal revenues that the School receives (See Notes to the Basic Financial Statements, Note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2017 and 2016, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2017	2016
Operating Revenue		
State Aid	$ 1,222,416	$ 1,712,711
Total Operating Revenue	1,222,416	1,712,711
Non-Operating Revenues		
Federal Grants	151,752	219,652
State Grants	24,609	9,534
Miscellaneous	17,940	15,720
Interest Income	4,062	1,410
Total Revenues	1,420,779	1,959,027
Operating Expenses		
Purchased Services: Management Fees	1,148,127	1,607,828
Purchased Services: Federal Grant Prograı	151,752	219,652
Purchased Services: State Grant Programs	24,609	9,534
Sponsorship Fees	36,454	55,165
Pension	53,743	(17,185)
Board of Education	2,207	2,400
Legal	8,335	4,925
Insurance: D & O Liability	5,905	2,541
Auditing and Accounting	23,070	20,805
Depreciation	1,537	3,074
Bank Fees	-	62
Total Operating Expenses	1,455,739	1,908,801
Change in Net Position	$ (34,960)	$ 50,226

The School's operating and non-operating revenues in 2017 were based on the School's full-time equivalent (FTE) count of 126 and the School's federal grant funding received throughout the year. The decrease in School's revenue and expenses was primarily caused by the decrease in student enrollment from 172 in 2016. The School's most significant expenses, "Purchased Services: Management Fees" are a result of the management agreement in place between the School and WHLS. The agreement provides that specific percentages of the revenues received by the School will be paid to WHLS to fund operations (see notes to the financial statements, note 8).

Capital Assets

At the end of fiscal year 2017, the School had $0 invested in equipment. Table 3 shows the respective balances for fiscal year 2017 and fiscal year 2016.

(Table 3)

Capital Assets (Net of Depreciation)

	2017	2016
Equipment	$ -	$ 1,537
Totals	$ -	$ 1,537

For more information on capital assets, see Note 7 in the Notes to the Basic Financial Statements.

Current Financial Issues

The Life Skills Center of Dayton received revenue for 126 students in 2017 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives most of its support from State Aid. Per pupil revenue from State Aid for the School averaged $9,491 in fiscal year 2017. The School receives additional revenues from grant subsidies and from other schools.

Although there is a possibility that State Aid will continue to be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (See Notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Dayton, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Current assets		
Cash & cash equivalents	$	547,903
Prepaid insurance		3,356
Continuing fees receivable		4,031
Grant funding receivable		42,657
Total current assets		597,947
Total assets		597,947
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		415,364
LIABILITIES		
Current liabilities		
Accounts payable		6,150
State aid payable		4,265
Grant funding payable		37,965
Total current liabilities		48,380
Long term liabilities		
Net pension liability		1,806,433
Total liabilities		1,854,813
DEFERRED INFLOWS OF RESOURCES		
Pension system		113,387
NET POSITION		
Unrestricted		(954,889)
Total net position	$	(954,889)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES		
State basic aid	$	1,189,230
Facilities aid		25,562
Graduation bonus		24
Casino revenue		7,600
Total operating revenues		1,222,416
OPERATING EXPENSES		
Purchased services: Management fees		1,148,127
Purchased services: Federal grant programs		151,752
Purchased services: State grant programs		24,609
Pension		53,743
Sponsorship fees		36,454
Board of education		2,207
Legal		8,335
Accounting & auditing		23,070
Insurance: D&O & liability		5,905
Depreciation		1,537
Total operating expenses		1,455,739
Operating loss		(233,323)
NON-OPERATING REVENUES		
Federal grants		151,752
State grants		24,609
Miscellaneous		17,940
Interest		4,062
Total non-operating revenues		198,363
Change in net position		(34,960)
Net position, July 1, 2016		(919,929)
Net position, June 30, 2017	$	(954,889)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,240,095
Cash payments to suppliers for goods and services		(1,392,867)
Net cash used for operating activities		(152,772)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		142,490
Cash received from miscellaneous revenue		17,940
Net cash received from noncapital financing activities		160,430
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		4,062
Net increase in cash and cash equivalents		11,720
Cash and cash equivalents at beginning of year		536,183
Cash and cash equivalents at end of year	$	547,903
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(233,323)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		1,537
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(4,031)
State aid receivable		21,684
Prepaid insurance		26
Pension deferred outflows		(286,380)
Accounts payable		3,200
Grants funding payable		20,494
State aid payable		4,265
Net pension liability		491,039
Pension deferred inflows		(150,916)
Continuing fees payable		(20,367)
Total adjustments		80,551
Net cash used for operating activities	$	(152,772)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Dayton (the School) is a federal tax exempt 501(c)(3) and state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with WHLS of Ohio, LLC (WHLS) for most of its functions (see note 8).

The School signed an agreement with St. Aloysius (Sponsor), effective July 1, 2016. The agreement was for a term of one (1) year and was automatically renew for one (1) year terms until June 30, 2018. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is staffed with teaching personnel employed by WHLS, who provides services to 126 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2017; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAR Ohio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2017, 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 investments 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 their 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.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, graduation bonus, facilities aid, and casino tax distributions, which is reflected under "Operating Revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions 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 fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2017 school year totaled $1,398,777.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2017, all capital assets had been fully depreciated (see note 7).

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with WHLS (see note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position consists of unrestricted.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are from State Aid payments and other schools. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the government-wide statement of net position pension. The deferred outflows of resources related to pension are explained in note 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows and Deferred Inflows of Resources (continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES

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

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

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

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

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

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all School deposits was $27,976. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, none of the School's bank balance of $27,976 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2017, the School had the following investments and maturities:

Investment type	Measurement Value	6 months or less
STAROhio	$ 519,927	$ 519,927

The School categorized its fair value measurements within the 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 the School recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its net asset value (NAV). All other investments of the School are value using quoted market prices (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017 is 46 days.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days and carries a rating of AAAm by S&P Global Ratings.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

4. DEPOSITS AND INVESTMENTS (continued)

B. 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 School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2017:

Investment type	Measurement Value	% to Total
STAROhio	$ 519,927	100

5. GRANT FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grant funding receivable" in the amount of $42,657 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2017.

Additionally, under the terms of the management agreement (see note 8), the School has recorded a liability to WHLS in the amount of $37,965 for 100 percent of any State and Federal monies uncollected or unpaid to WHLS as of June 30, 2017.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $15,000, or $25,000 deductible, dependent on the claim.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2017, the School's capital assets consisted of the following:

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Capital Assets				
Being Depreciated:				
Equipment	$ 163,247	$ -	$ -	$ 163,247
Total Capital Assets Being Depreciated	163,247	-	-	163,247
Less Accumulated Depreciation:				
Equipment	(161,710)	(1,537)	-	(163,247)
Total Accumulated Depreciation	(161,710)	(1,537)	-	(163,247)
Total Capital Assets Being Depreciated, Net	$ 1,537	$ (1,537)	$ -	$ -

8. AGREEMENT WITH WHLS

Effective December 12, 2008, the School entered into an extended five-year Management Agreement (Agreement) with WHLS, which is an educational consulting and management company. The Agreement will automatically renew for additional, successive five (5) year terms unless one party notifies the other party at least six (6) months prior to the expiration of the then-current term of its intention not to renew. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School.

The School is required to pay WHLS a monthly continuing fee of 94.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, revenues and income received by the School from Basic State Funding and that the School will pay the Company 100 percent of all contributions and grants, with the exception of State and Federal food service revenue, as that program is operated by the School. The continuing fee is paid to WHLS based on the previous month's qualified gross revenues.

In November of 2010, an amendment to the management agreement was made allowing the School Board to employ school level personnel. "Both parties agree that this amendment is only in effect for the term of the Education Jobs Fund Program funding." Both parties also agree that at the end of the Ed Jobs funding "this Amendment will terminate."

The School had purchased service expenses for the year ended June 30, 2017, to WHLS of $1,324,488 of which $4,031 was receivable from and $42,230 was payable to WHLS at June 30, 2017. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel (excluding Ed Jobs personnel), curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

The sponsor contract with St. Aloysius states that the School "…shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to St. Aloysius monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $36,454 in sponsorship fees to St. Aloysius.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2017, WHLS of Ohio, LLC and it affiliates incurred the following expenses on behalf of the School

		Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Vocational Instruction (1300 Function Codes)	Support Services (2000 Function Codes)	Total
		1100	1200	1300	2000	
Direct Expenses:						
Salaries & Wages	100	$ 228,236	$ 33,050	$ -	$ 182,294	$ 443,580
Employee Benefits	200	47,438	6,869	-	37,889	92,196
Professional & Technical Services	410	90,269	23,016	18,353	72,099	203,737
Property Services	420	81,765	11,840	3,431	65,307	162,343
Utilities	450	11,672	1,690	490	9,323	23,175
Transportation	480	9,247	1,339	388	7,386	18,360
Supplies	500	30,517	5,097	5,676	24,375	65,665
All other Capital Outlay	650-690	1,209	175	51	965	2,400
Other Direct Costs	860	73,966	10,711	3,104	59,078	146,859
Indirect Expenses:						
Overhead		129,535	18,758	5,435	103,462	257,190
Total Expenses		**$ 703,854**	**$ 50,251**	**$ 36,928**	**$ 562,178**	**$ 1,415,505**

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

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

B. Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employees Retirement System (SERS) (continued)

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

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

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

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

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

The School's contractually required contribution to SERS was $7,773 for fiscal year 2017.

C. Plan Description – State Teachers Retirement System (STRS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

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

The School's contractually required contribution to STRS was $48,668 for fiscal year 2017.

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 136,120	$ 1,670,313	$ 1,806,433
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00185980%	0.00499003%	
Prior Measurement Date	0.00179540%	0.00438884%	
Change in Proportionate Share	0.00006440%	0.00060119%	
Pension Expense	$ 14,219	$ 95,965	$ 110,184

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

11. DEFINED BENEFIT PENSION PLANS (continued)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,836	$67,490	$69,326
Net difference between projected and actual earnings on pension plan investments	11,228	138,681	149,909
Changes of assumptions	9,086	0	9,086
Changes in proportion and differences between School contributions and proportionate share of contributions	2,515	128,087	130,602
School's contributions subsequent to the measurement date	7,773	48,668	56,441
Total Deferred Outflows of Resources	$ 32,438	$ 382,926	$ 415,364
Deferred Inflows of Resources			
Changes in proportion and differences	$ 1,253	$ 112,135	$ 113,387
Total Deferred Inflows of Resources	$ 1,253	$ 112,135	$ 113,387

$56,441 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$ 27,286	$ 5,881	$ 33,167
2019	27,287	5,873	33,160
2020	80,506	8,432	88,938
2021	87,044	3,226	90,270
	$ 222,123	$ 23,412	$ 245,535

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	$180,215	$136,120	$99,211

F. Actuarial Assumptions – STRS

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

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

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

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$2,219,711	$1,670,313	$1,206,864

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School's net pension liability is expected to be significant.

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System (SERS)

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

12. POSTEMPLOYMENT BENEFITS (continued)

A. School Employee Retirement System (SERS) (continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School's surcharge obligation was $0.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School's contributions for health care for the fiscal year ended June 30, 2015, was $438. The full amount has been contributed for fiscal year 2015.

B. State Teachers Retirement System (STRS)

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

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

13. CONTINGENCIES

A. Grants

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

B. Enrollment FTE

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE has not performed such a review on the School for fiscal year 2017.

As of the date of this report, all ODE adjustments through fiscal year 2017 have been completed.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2017 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

C. Litigation

The School is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Employee Retirement System of Ohio
Last Four Fiscal Years (1)

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
School's Proportion of the Net Pension Liability	0.00185980%	0.00179540%	0.00183700%	0.00183700%
School's Proportionate Share of the Net Pension Liability	$ 136,120	$ 102,447	$ 92,970	$ 109,240
School's Covered-Employee Payroll	$ 55,629	$ 60,926	$ 53,925	$ 59,545
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	244.69%	168.15%	172.41%	183.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.
The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:

School Employees Retirement System (SERS)

Changes of Benefit Terms: None.

disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teacher Retirement System of Ohio
Last Four Fiscal Years (1)

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
School's Proportion of the Net Pension Liability	0.004990030%	0.004388840%	0.005042560%	0.005042560%
School's Proportionate Share of the Net Pension Liability	$ 1,670,313	$ 1,212,947	$ 1,226,525	$ 1,461,029
School's Covered-Employee Payroll	$ 450,643	$ 521,207	$ 610,323	$ 374,154
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	370.65%	232.72%	200.96%	390.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 7,773	$ 7,788	$ 8,030	$ 7,474
Contributions in Relation to the Contractually Required Contribution	(7,773)	(7,788)	(8,030)	(7,474)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 55,521	$ 55,629	$ 60,926	$ 53,925
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 8,241	$ 4,725	$ 7,755	$ 13,577	$ 10,480	$ 6,995
(8,241)	(4,725)	(7,755)	(13,577)	(10,480)	(6,995)
$ -	$ -	$ -	$ -	$ -	$ -
$ 59,545	$ 35,130	$ 61,695	$ 100,273	$ 106,504	$ 71,232
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 48,668	$ 63,090	$ 72,969	$ 79,342
Contributions in Relation to the Contractually Required Contribution	(48,668)	(63,090)	(72,969)	(79,342)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 347,629	$ 450,643	$ 521,207	$ 610,323
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

LIFE SKILLS CENTER OF DAYTON
MONTGOMERY COUNTY
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 48,640	$ 67,792	$ 77,594	$ 90,140	$ 81,115	$ 70,101
(48,640)	(67,792)	(77,594)	(90,140)	(81,115)	(70,101)
$ -	$ -	$ -	$ -	$ -	$ -
$ 374,154	$ 521,477	$ 596,877	$ 693,385	$ 623,962	$ 539,238
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

January 19, 2018

To the Board of Directors
Life Skills Center of Dayton
Montgomery County, Ohio
1721 North Main Street
Dayton, Ohio 45405

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Dayton, Montgomery County, Ohio (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Dayton
Montgomery County, Ohio

Management Letter

June 30, 2017

Rea & associates a brighter way

January 19, 2018

To the Board of Directors, Sponsor and Management
Life Skills Center of Dayton
Montgomery County, Ohio
1721 North Main Street
Dayton, Ohio 45405

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Dayton, Montgomery County Ohio (the "School"), as of and for the year ended June 30, 2017, and have issued our report thereon dated January 19, 2018.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated January 19, 2018 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2017.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2018 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2016, to June 30, 2017. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38 states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2017 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.

Opportunities for Business Improvement

According to the School's excused absence policy, the student must provide the School with a written statement of the cause for absence from the parent or guardian within five schools days, or the absence will be considered unexcused. The written statement is in addition to calling the School to inform them of the absence and reason.

During our testing, we noted instances in which written statements were not retained to support the phone call log to justify the absence as being excused. We recommend the School ensure that all written statements pertaining to the cause of the absence be retained with the phone call logs to ensure compliance with the applicable policies.

Rea & associates a brighter way

Life Skills Center of Elyria
Lorain County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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December 28, 2015

To the Board of Directors
Life Skills Center of Elyria
Lorain County, Ohio
2015 West River Road North
Elyria, Ohio 44035

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Elyria, Lorain County, Ohio (the "School") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2015, 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.

Emphasis of a Matter

As described in Note 3, the School restated the June 30, 2014 net position balance to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the School's Proportionate Share of the Net Pension Liability*, and *Schedule of School Contributions* on pages 4-9, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Life Skills Center of Elyria (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard 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

- In total, Net Position increased $43,077, which represents a 4.0 percent change from 2014. This increase occurred primarily due to increases in grant and miscellaneous revenue received.

- Total assets increased $114,408, which represents a 244.2 percent change from 2014. This increase is due primarily to the increase of state aid receivable.

- Total liabilities decreased $97,734, which represents a 8.2 percent change from 2014. This decrease in liabilities is due to the decrease in the net pension liability and grants funding payable.

- Deferred outflows of resources increased $8,926, which represents an 8.2 percent change from 2014. This change represents contractually required amounts due to GASB 68.

- Deferred inflows of resources increased $177,991, which was the first year in which it was recorded. This change is due to the implementation of GASB 68.

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $11,818 to ($1,082,545).

Financial Highlights (continued)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implantation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $68,662 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows and deferred outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $52,486. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$	1,508,146
Pension expense under GASB 68		(52,486)
2015 contractually required contribution		68,317
Adjusted 2015 program expenses		1,523,977
Total 2014 program expenses under GASB 27		1,391,158
Increase in program expenses not related to pension	$	132,819

Using this Financial Report

This report consists of three parts, the required supplementary information, the basic financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2015. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended. Table 1 provides a summary of the School's Net Position for fiscal year 2015 and fiscal year 2014.

(Table 1)

Statement of Net Position

	2015	Restated 2014
Assets		
Current Assets	$ 156,801	$ 40,824
Capital Assets, Net	4,449	6,018
Total Assets	161,250	46,842
Deferred Outflow of Resources		
Pension System	77,588	68,662
Liabilities		
Current Liabilities	122,187	35,024
Long Term Liabilities	978,128	1,163,025
Total Liabilities	1,100,315	1,198,049
Deferred Inflow of Resources		
Pension System	177,991	-
Net Position		
Investment in Capital Assets	4,449	6,018
Unrestricted	(1,043,917)	(1,088,563)
Total Net Position	$ (1,039,468)	$ (1,082,545)

Total assets increased $114,408 from 2014. This was mainly due to the increase in state aid receivable. Deferred outflows of resources increased $8,926 from 2014. Liabilities decreased by $97,734 from 2014. This is primarily the result of a decrease in net pension liability. Deferred inflows of resources increased $177,991, which is the first year this has been recorded. The changes for deferred outflows and inflows of resources were impacted by the implementation of GASB 68.The School operates under a management agreement with LS Elyria, LLC. Under the terms of the management agreement, LS Elyria, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, note 9).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2015 and fiscal year 2014, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2015	2014
Operating Revenue		
State Aid	$ 1,350,974	$ 1,194,580
Total Operating Revenue	1,350,974	1,194,580
Non-Operating Revenues		
Grants	161,531	170,664
Interest	12	6
Miscellaneous	38,706	-
Total Revenues	1,551,223	1,365,250
Operating Expenses		
Management Fees	1,290,180	1,140,822
Mgmt Fee Contra - Pension Funding	(68,317)	-
Grant Programs	161,531	171,363
Pension Expense	52,486	-
Sponsorship Fees	36,626	35,179
Board of Education	7,422	18,097
Legal	3,188	3,058
Advertising	604	624
Insurance	9,623	13,006
Auditing and Accounting	13,004	4,945
Depreciation	1,570	3,717
Miscellaneous	229	347
Total Operating Expenses	1,508,146	1,391,158
Change in Net Position	$ 43,077	$ (25,908)

The primary reason for the increase in overall revenues from 2015 was due to the increase in state aid funding and miscellaneous revenue. The School's most significant expenses, "Management fees" increased because of the management agreement in place between the School and LS Elyria, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Elyria, LLC to fund operations (see notes to the financial statements, note 9).

Capital Assets

At the end of fiscal year 2015 the School had $4,449 invested in equipment which represented a decrease of $1,570 from 2014. Table 3 shows the respective balances for both fiscal years 2015 and 2014.

(Table 3)
Capital Assets (Net of Depreciation)

	2015	2014
Equipment	$ 4,449	$ 6,019
Totals	$ 4,449	$ 6,019

For more information on capital assets, see note 8 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Elyria received revenue for 139 students in 2015 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,719 in fiscal year 2015. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 9).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Elyria, 3320 West Market Street, Suite, 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Current assets		
Cash & cash equivalents	$	31,674
State aid receivable		109,421
Continuing fees receivable		890
Grant funding receivable		1,442
Reimbursed fees receivable		13,374
Total current assets		156,801
Noncurrent assets		
Capital assets, net		4,449
Total assets		161,250
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		77,588
LIABILITIES		
Current liabilities		
Accounts payable		4,625
Continuing fees payable		115,725
Grant funding payable		1,837
Total current liabilities		122,187
Long term liabilities		
Net pension liability		978,128
Total liabilities		1,100,315
DEFERRED INFLOWS OF RESOURCES		
Pension system		177,991
NET POSITION		
Investment in capital assets		4,449
Unrestricted net position		(1,043,917)
Total net position	$	(1,039,468)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES		
State basic aid	$	1,332,646
Facilities aid		10,424
Casino revenue		7,904
Total operating revenues		1,350,974
OPERATING EXPENSES		
Management fees		1,290,180
Mgmt fee conta - pension funding		(68,317)
Grant programs		161,531
Sponsorship fees		36,626
Pension expense		52,486
Board of education		7,422
Legal		3,188
Advertising		604
Accounting & auditing		13,004
Bank fees		229
Insurance: D&O & liability		9,623
Depreciation expense		1,570
Total operating expenses		1,508,146
Operating loss		(157,172)
NON-OPERATING REVENUE		
Grants		161,531
Miscellaneous revenue		38,706
Interest		12
Total non-operating revenue		200,249
Change in net position		43,077
Net position, June 30, 2014 (restated - see note 3)		(1,082,545)
Net position, June 30, 2015	$	(1,039,468)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,325,859
Cash payments to suppliers for goods and services		(1,533,815)
Net cash used for operating activities		(207,956)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		169,719
Cash received from miscellaneous revenue		38,706
Net cash received from noncapital financing activities		208,425
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		12
Net increase in cash and cash equivalents		481
Cash and cash equivalents at beginning of year		31,193
Cash and cash equivalents at end of year	$	31,674
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(157,172)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		1,570
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(890)
State aid receivable		(109,421)
Reimbursed fees receivable		(13,374)
Pension deferred outflows		(8,926)
Accounts payable		4,305
Grants funding payable		(25,115)
Net pension liability		(184,897)
Pension deferred inflows		177,991
Management fees payable		107,973
Total adjustments		(50,784)
Net cash used for operating activities	$	(207,956)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Elyria (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 also operated under the name "Life Skills Center of Greater Cleveland".

The School contracts with LS Elyria, LLC for most of its functions (see note 9).

The School signed a contract with Saint Aloysius Orphanage (Sponsor) to operate for a period from July 1, 2010 through June 30, 2015. Subsequently, the School signed an agreement with the Sponsor effective July 1 and expiring June 30, 2018. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Elyria, LLC. The facility is staffed with teaching personnel employed by LS Elyria, LLC, who provide services to 139 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2015. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2015, investments were limited to the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2015.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program and casino tax distributions, which are reflected under "operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2015 school year totaled $1,512,505.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

At the end of fiscal year 2015, Equipment had a balance of $4,449. Depreciation is computed by the straight-line method over five years for “Equipment, Leasehold Improvements and Computers and Software.”

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Elyria, LLC (see note 9).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See note 12)

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported. The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$11,818
Adjustments:	
Net Pension Liability	(1,163,025)
Deferred Outflow - Payments Subsequent to Measurement Date	68,662
Restated Net Position June 30, 2014	($1,082,545)

Other than employer contributions subsequent to the measurement date, the School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all School deposits was $10,325. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, none of the School's bank balance of $10,325 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

4. DEPOSITS AND INVESTMENTS (continued)

A. Deposits with Financial Institutions (continued)

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2015, the School had the following investments and maturities:

		Investment Maturities		
Investment type	Balance at Fair Value	6 months or less	7 to 12 months	Greater than 24 months
STAROhio	$ 21,349	$ 21,349	$ -	$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2015:

Investment type	Fair Value	% to Total
STAROhio	$ 21,349	100.00

5. CONTINUING FEES PAYABLE

A "Continuing fees payable" to LS Elyria, LLC has been recorded by the School in the amount of $115,725 for outstanding management fees associated with FTE adjustments and unpaid fees.

6. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $1,442 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2015.

Under the terms of the management agreement (see note 9), the School has recorded a liability to LS Elyria, LLC in the amount of $1,837 for 100 percent of any State and Federal monies uncollected or unpaid to LS Elyria, LLC as of June 30, 2015.

7. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Elyria, LLC, LS Elyria, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 9). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $1,000,000 aggregate limit and a $25,000 deductible.

8. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2015 the School's capital assets consisted of the following:

	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Capital Assets Being Depreciated				
Equipment	$ 36,251	$ -	$ -	$ 36,251
Computers and Software	14,202	-	-	14,202
Leasehold Improvements	9,910	-	-	9,910
Total Capital Assets Being Depreciated	60,363	-	-	60,363
Less Accumulated Depreciation				
Equipment	(30,232)	(1,570)	-	(31,802)
Computers and Software	(14,202)	-	-	(14,202)
Leasehold Improvements	(9,910)	-	-	(9,910)
Total Accumulated Depreciation	(54,344)	(1,570)	-	(55,914)
Total Capital Assets Being Depreciated, Net	$ 6,019	$ (1,570)	$ -	$ 4,449

9. AGREEMENT WITH LS ELYRIA, LLC

Effective March 11, 2009, the School entered into a revised five-year management agreement (Agreement) with LS Elyria, LLC, which is an educational consulting and management company. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive five (5) year terms unless one party notifies the other party at by February 1st of the year prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Elyria, LLC. LS Elyria, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School.

9. AGREEMENT WITH LS ELYRIA, LLC (continued)

The School is required to pay LS Elyria, LLC a monthly continuing fee of 95.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and LS Elyria, LLC shall receive 100 percent of any and all grants (except Ed Jobs grant) or funding of any kind generated by LS Elyria, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Elyria, LLC based on the previous month's qualified gross revenues.

The School had management fee (including grant programs) expenses for the year ended June 30, 2015 to LS Elyria, LLC of $1,451,711 and payables to LS Elyria, LLC at June 30, 2015 total $117,562. LS Elyria, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

10. SPONSORSHIP FEES

The School renewed its contract with Saint Aloysius Orphanage as its sponsor effective July 1, 2010. As of July 2010, the School pays the Sponsor three percent (3%) of state aid. Total fees for fiscal 2015 were $36,626. The contract is for five years ending June 30, 2015. The Sponsor is to provide oversight, monitoring, and technical assistance for the School.

11. MANAGEMENT COMPANY EXPENSE

For the year ended June 30, 2015, LS Elyria, LLC and its affiliates incurred the following expenses on behalf of the School.

	2015
Expenses	
Direct Expenses:	
Salaries and wages	$ 385,183
Employees' benefits	100,630
Professional and technical services	174,320
Property services	149,951
Travel	1,676
Communications	33,242
Utilities	29,328
Transportation	8,251
Books, periodicals, and films	1,590
Food and related supplies	36,127
Other supplies	38,950
Depreciation	68
Other direct costs	47,206
Indirect Expenses:	
Overhead	301,891
Total Expenses	$ 1,308,413

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

12. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description - School Employees Retirement System (SERS)

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

12. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description - School Employees Retirement System (SERS) (continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $17,829 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement System (STRS)

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $50,488 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$130,674	$847,454	$978,128
Proportion of the Net Pension Liability	0.002582%	0.0034841%	
Pension Expense	$19,903	$32,582	$52,485

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,112	$8,159	$9,271
School District contributions subsequent to the measurement date	17,829	50,488	68,317
Total Deferred Outflows of Resources	$18,941	$58,647	$77,588
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$21,209	$156,782	$177,991
Total Deferred Inflows of Resources	$21,209	$156,782	$177,991

12. DEFINED BENEFIT PENSION PLANS (continued)

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

$68,317 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2016	($5,024)	($37,156)	($42,180)
2017	(5,024)	(37,156)	(42,180)
2018	(5,024)	(37,156)	(42,180)
2019	(5,025)	(37,155)	(42,180)
Total	($20,097)	($148,623)	($168,720)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$186,432	$130,674	$83,776

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$1,213,222	$847,454	$538,136

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages. As of June 30, 2015, there were no members that elected Social Security.

13. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge LS Elyria, LLC's contributions on behalf of the School assigned to health care for the year ended June 30, 2015, 2014, and 2013 was $615, $1,746, and $1,395, respectively.

B. State Teachers Retirement System

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

13. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System (continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ending June 30, 2015, 2014, and 2013 was $0, $3,377, and $3,056, respectively; 100 percent has been contributed for all fiscal years.

14. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

Life Skills Center of Elyria, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.002582%	0.002582%
School's Proportionate Share of the Net Pension Liability	$ 130,674	$ 153,543
School's Covered-Employee Payroll	$ 163,608	$ 80,506
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	79.87%	190.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Elyria, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.0034841%	0.0034841%
School's Proportionate Share of the Net Pension Liability	$ 847,454	$ 1,009,482
School's Covered-Employee Payroll	$ 353,746	$ 235,062
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	239.57%	429.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Elyria, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 17,829	$ 22,676	$ 11,142	$ 11,513
Contributions in Relation to the Contractually Required Contribution	(17,829)	(22,676)	(11,142)	(11,513)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 135,273	$ 163,608	$ 80,506	$ 85,599
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

Life Skills Center of Elyria, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 14,002	$ 16,427	$ 12,813	$ 12,774	$ 12,555	$ 22,815
(14,002)	(16,427)	(12,813)	(12,774)	(12,555)	(22,815)
$ -	$ -	$ -	$ -	$ -	$ -
$ 111,392	$ 121,322	$ 130,213	$ 130,081	$ 117,556	$ 215,643
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Life Skills Center of Elyria, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 50,488	$ 45,987	$ 30,558	$ 37,705
Contributions in Relation to the Contractually Required Contribution	(50,488)	(45,987)	(30,558)	(37,705)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 360,629	$ 353,746	$ 235,062	$ 290,038
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

Life Skills Center of Elyria, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 53,765	$ 59,075	$ 61,972	$ 65,203	$ 72,215	$ 73,126
(53,765)	(59,075)	(61,972)	(65,203)	(72,215)	(73,126)
$ -	$ -	$ -	$ -	$ -	$ -
$ 413,577	$ 454,423	$ 476,708	$ 501,562	$ 555,500	$ 562,508
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 28, 2015

To the Board of Directors
Life Skills Center of Elyria
Lorain County, Ohio
2015 West River Road North
Elyria, Ohio 44035

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Elyria, Lorain County, Ohio (the "School") as of and for the year ended June 30, 2015, 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 28, 2015, in which we noted the School restated the June 30, 2014 net position to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*."

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Elyria
Lorain County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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December 27, 2016

To the Board of Directors
Life Skills Center of Elyria
Lorain County, Ohio
2015 West River Road North
Elyria, Ohio 44035

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Elyria, Lorain County, Ohio, (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2016, and the changes in financial position and the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4-8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Life Skills Center of Elyria (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard 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

- In total, Net Position increased $13,060, which represents a 1.3 percent change from 2015.
- Total assets decreased $66,656, which represents a 41.3 percent change from 2015. This decrease is due primarily to the decrease of state aid receivable.
- Total liabilities decreased $93,244, which represents an 8.5 percent change from 2015. This decrease in liabilities is due to the decrease in the continuing fees payable.
- Deferred outflows of resources increased $14,310, which represents an 18.4 percent change from 2015. This change represents contractually required amounts due to GASB 68.
- Deferred inflows of resources increased $27,838, which represents a 15.6 percent change from 2015. This change results from GASB 68.

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Using this Financial Report

This report consists of three parts, the required supplementary information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2016. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2016 and fiscal year 2015.

(Table 1)

Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 91,716	$ 156,801
Capital Assets, Net	2,878	4,449
Total Assets	94,594	161,250
Deferred Outflow of Resources		
Pension System	91,898	77,588
Liabilities		
Current Liabilities	49,191	122,187
Long Term Liabilities	957,880	978,128
Total Liabilities	1,007,071	1,100,315
Deferred Inflow of Resources		
Pension System	205,829	177,991
Net Position		
Investment in Capital Assets	2,878	4,449
Unrestricted	(1,029,286)	(1,043,917)
Total Net Position	$ (1,026,408)	$ (1,039,468)

Total assets decreased $66,656 from 2015. This was mainly due to the decrease in state aid receivable. Deferred outflows of resources increased $14,310 from 2015. Liabilities decreased by $93,244 from 2015. This is primarily the result of a decrease in continuing fees payable. Deferred inflows of resources increased $27,838. The changes for deferred outflows and inflows of resources represent contractually required amounts due to GASB 68.The School operates under a management agreement with LS Elyria, LLC. Under the terms of the management agreement, LS Elyria, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, note 9).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2016 and fiscal year 2015, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2016	2015
Operating Revenue		
State Aid	$ 1,296,838	$ 1,350,974
Total Operating Revenue	1,296,838	1,350,974
Non-Operating Revenues		
Grants	135,452	161,531
Interest	67	12
Miscellaneous	15,720	38,706
Total Revenues	1,448,077	1,551,223
Operating Expenses		
Purchased Services: Management Fees	1,225,216	1,290,180
Mgmt Fee Contra - Pension Funding	(49,470)	(68,317)
Purchased Services: Grant Programs	135,452	161,531
Pension	42,750	52,486
Sponsorship Fees	40,147	36,626
Board of Education	6,500	7,422
Legal	3,920	3,188
Advertising	-	604
Insurance: D&O & Liability	8,040	9,623
Auditing and Accounting	20,805	13,004
Depreciation	1,570	1,570
Bank Fees	87	229
Total Operating Expenses	1,435,017	1,508,146
Change in Net Position	$ 13,060	$ 43,077

The School's operating and non-operating revenues in 2016 were based on the School's full-time equivalent (FTE) count of 121 and the School's federal grant funding received throughout the year. The decrease in School's revenue and expenses was primarily caused by the decrease in student enrollment. The School's most significant expenses, "Purchased services: management fees" are a result of the management agreement in place between the School and LS Elyria, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Elyria, LLC to fund operations (see notes to the financial statements, note 9).

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Capital Assets

At the end of fiscal year 2016 the School had $2,878 invested in equipment which represented a decrease of $1,570 from 2015. Table 3 shows the respective balances for both fiscal years 2016 and 2015.

(Table 3)
Capital Assets (Net of Depreciation)

	2016	2015
Equipment	$ 2,878	$ 4,448
Totals	$ 2,878	$ 4,448

For more information on capital assets, see note 8 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Elyria received revenue for 121 students in 2016 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $11,968 in fiscal year 2016. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 9).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Elyria, 3320 West Market Street, Suite, 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS		
Current assets		
Cash & cash equivalents	$	43,013
State aid receivable		43,253
Prepaid insurance		1,583
Grant funding receivable		3,867
Total current assets		91,716
Noncurrent assets		
Capital assets, net		2,878
Total assets		94,594
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		91,898
LIABILITIES		
Current liabilities		
Accounts payable		3,104
Continuing fees payable		41,826
Grant funding payable		4,261
Total current liabilities		49,191
Long term liabilities		
Net pension liability		957,880
Total liabilities		1,007,071
DEFERRED INFLOWS OF RESOURCES		
Pension system		205,829
NET POSITION		
Investment in capital assets		2,878
Unrestricted		(1,029,286)
Total net position	$	(1,026,408)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES		
State basic aid	$	1,272,065
Facilities aid		18,149
Graduation bonus		67
Casino revenue		6,557
Total operating revenues		1,296,838
OPERATING EXPENSES		
Purchased services: Management fees		1,225,216
Management fee contra - Pension funding		(49,470)
Purchased services: Federal grant programs		130,173
Purchased services: State grant programs		5,279
Pension		42,750
Sponsorship fees		40,147
Board of education		6,500
Legal		3,920
Accounting & auditing		20,805
Bank fees		87
Insurance: D&O & liability		8,040
Depreciation		1,570
Total operating expenses		1,435,017
Operating loss		(138,179)
NON-OPERATING REVENUES		
Federal grants		130,173
State grants		5,279
Miscellaneous revenue		15,720
Interest		67
Total non-operating revenues		151,239
Change in net position		13,060
Net position, July 1, 2015		(1,039,468)
Net position, June 30, 2016	$	(1,026,408)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,377,258
Cash payments to suppliers for goods and services		(1,514,733)
Net cash used for operating activities		(137,475)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		133,027
Cash received from miscellaneous revenue		15,720
Net cash received from noncapital financing activities		148,747
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		67
Net increase in cash and cash equivalents		11,339
Cash and cash equivalents at beginning of year		31,674
Cash and cash equivalents at end of year	$	43,013
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(138,179)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		1,570
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		890
Prepaid insurance		(1,583)
State aid receivable		66,168
Reimbursed fees receivable		13,374
Pension deferred outflows		(14,310)
Accounts payable		(1,521)
Grants funding payable		2,424
Net pension liability		(20,248)
Pension deferred inflows		27,838
Continuing fees payable		(73,898)
Total adjustments		704
Net cash used for operating activities	$	(137,475)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Elyria (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 also operated under the name "Life Skills Center of Greater Cleveland".

The School contracts with LS Elyria, LLC for most of its functions (see note 9).

The School signed a contract with Saint Aloysius Orphanage (Sponsor) to operate for a period from July 1, 2010 through June 30, 2015. Subsequently, the School signed an agreement with the Sponsor effective July 1 and expiring June 30, 2018. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Elyria, LLC. The facility is staffed with teaching personnel employed by LS Elyria, LLC, who provide services to 121 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2016. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAR Ohio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2016, investments were limited to the State Treasurer's Investment Pool, STAR Ohio. STAR 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. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2016.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, facilities aid, graduation bonus, and casino tax distributions, which are reflected under "State aid" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2016 school year totaled $1,432,290.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

At the end of fiscal year 2016, Equipment had a balance of $2,878. Depreciation is computed by the straight-line method over five years for “Equipment.”

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Elyria, LLC (see note 9).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position consists of capital assets, net of accumulated depreciation, and unrestricted.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 12)

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all School deposits was $15,759. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, none of the School's bank balance of $15,759 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2016, the School had the following investments and maturities:

		Investment Maturities
Investment type	Measurement Value	6 months or less
STAROhio	$ 27,254	$ 27,254

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2016:

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

4. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Investment type	Measurement Value	% to Total
STAROhio	$ 27,254	100.00

5. CONTINUING FEES PAYABLE/STATE AID RECEIVABLE

A "Continuing fees payable" to LS Elyria, LLC has been recorded by the School in the amount of $41,826 for outstanding management fees associated with FTE adjustments and unpaid fees. Payable offset is due to a state aid receivable representing state aid adjustments as of June 30, 2016.

6. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $3,867 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2016.

Under the terms of the management agreement (see note 9), the School has recorded a liability to LS Elyria, LLC in the amount of $4,261 for 100 percent of any State and Federal monies uncollected or unpaid to LS Elyria, LLC as of June 30, 2016.

7. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Elyria, LLC, LS Elyria, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 9). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $1,000,000 aggregate limit and a $25,000 deductible.

8. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2016 the School's capital assets consisted of the following:

Capital Assets Being Depreciated	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
Equipment	$ 36,251	$ -	$ -	$ 36,251
Total Capital Assets Being Depreciated	36,251	-	-	36,251
Less Accumulated Depreciation				
Equipment	(31,803)	(1,570)	-	(33,373)
Total Accumulated Depreciation	(31,803)	(1,570)	-	(33,373)
Total Capital Assets Being Depreciated, Net	$ 4,448	$ (1,570)	$ -	$ 2,878

9. AGREEMENT WITH LS ELYRIA, LLC

Effective March 11, 2009, the School entered into a revised five-year management agreement (Agreement) with LS Elyria, LLC, which is an educational consulting and management company. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive five (5) year terms unless one party notifies the other party at by February 1st of the year prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Elyria, LLC. LS Elyria, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School.

The School is required to pay LS Elyria, LLC a monthly continuing fee of 94.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and LS Elyria, LLC shall receive 100 percent of any and all grants (except Ed Jobs grant) or funding of any kind generated by LS Elyria, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Elyria, LLC based on the previous month's qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2016 to LS Elyria, LLC of $1,360,668 and payables to LS Elyria, LLC at June 30, 2016 total $46,087. LS Elyria, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

10. SPONSORSHIP FEES

The School renewed its contract with Saint Aloysius Orphanage as its sponsor effective July 1, 2010. As of July 2010, the School pays the Sponsor three percent of state aid. Total fees for fiscal 2016 were $40,147. The contract is for five years ending June 30,2015, which was renewed until 2018. The Sponsor is to provide oversight, monitoring, and technical assistance for the School.

11. MANAGEMENT COMPANY EXPENSE

For the year ended June 30, 2016, LS Elyria, LLC and its affiliates incurred the following expenses on behalf of the School:

	2016
Expenses	
Direct Expenses:	
Salaries and wages	$ 417,087
Employees' benefits	106,797
Professional and technical services	199,388
Property services	139,468
Travel	5,491
Communications	42,834
Utilities	23,009
Transportation	5,440
Books, periodicals, and films	1,560
Food and related supplies	29,986
Other supplies	77,552
Depreciation	1,800
Interest	358
Other direct costs	42,404
Indirect Expenses:	
Overhead	301,668
Total Expenses	$ 1,394,842

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

12. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

12. DEFINED BENEFIT PENSION PLANS (continued)

A. Net Pension Liability (continued)

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description - School Employees Retirement System (SERS)

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

12. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description - School Employees Retirement System (SERS) (continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $8,544 for fiscal year 2016.

C. Plan Description – State Teachers Retirement System (STRS)

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $40,926 for fiscal year 2016

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$73,038	$884,842	$957,880
Proportion of the Net Pension Liability	0.00128000%	0.00320165%	
Pension Expense	$6,561	$36,189	$42,750

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,595	$40,833	$42,428
School contributions subsequent to the measurement date	8,544	40,926	49,470
Total Deferred Outflows of Resources	$10,139	$81,759	$91,898
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$10,441	$73,169	$83,610
Changes in proportion and differences	57,619	64,600	122,219
Total Deferred Inflows of Resources	$68,060	$137,769	$205,829

12. DEFINED BENEFIT PENSION PLANS (continued)

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

$49,470 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	$ (33,523)	$ (21,820)	$ (55,343)
2016	(33,523)	(21,820)	(55,343)
2015	(33,523)	(21,833)	(55,356)
2014	3,632	(992)	2,640
	$ (96,937)	$ (66,465)	$ (163,402)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$101,278	$73,038	$49,258

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$1,229,113	$884,842	$593,710

13. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School's contributions for healthcare (including surcharge) for the fiscal year ending June 30, 2016, 2015, and 2014 was $63, $615, and $1,746, respectively.

B. State Teachers Retirement System

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

13. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System (continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ending June 30, 2016, 2015, and 2014 was $0, $0, $3,377, respectively; 100 percent has been contributed for fiscal year 2016, 2015 and 2014.

14. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 and 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.00128000%	0.00258200%	0.00258200%
School's Proportionate Share of the Net Pension Liability	$ 73,038	$ 130,674	$ 153,543
School's Covered-Employee Payroll	$ 135,273	$ 75,786	$ 80,506
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	53.99%	172.42%	190.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.00320165%	0.003484%	0.003484%
School's Proportionate Share of the Net Pension Liability	$ 884,842	$ 847,454	$ 1,009,481
School's Covered-Employee Payroll	$ 360,629	$ 363,654	$ 235,062
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	245.36%	233.04%	429.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$ 8,544	$ 17,829	$ 10,504	$ 11,142
Contributions in Relation to the Contractually Required Contribution	(8,544)	(17,829)	(10,504)	(11,142)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 61,029	$ 135,273	$ 75,786	$ 80,506
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2012	2011	2010	2009	2008	2007
$ 11,513	$ 14,002	$ 16,427	$ 12,813	$ 12,774	$ 12,555
(11,513)	(14,002)	(16,427)	(12,813)	(12,774)	(12,555)
$ -	$ -	$ -	$ -	$ -	$ -
$ 85,599	$ 111,392	$ 121,322	$ 130,213	$ 130,081	$ 117,556
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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

	2016	2015	2014	2013
Contractually Required Contribution	$ 40,926	$ 50,488	$ 47,275	$ 30,558
Contributions in Relation to the Contractually Required Contribution	(40,926)	(50,488)	(47,275)	(30,558)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 292,329	$ 360,629	$ 363,654	$ 235,062
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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

2012	2011	2010	2009	2008	2007
$ 37,705	$ 53,765	$ 59,075	$ 61,972	$ 65,203	$ 72,215
(37,705)	(53,765)	(59,075)	(61,972)	(65,203)	(72,215)
$ -	$ -	$ -	$ -	$ -	$ -
$ 290,038	$ 413,577	$ 454,423	$ 476,708	$ 501,562	$ 555,500
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 27, 2016

To the Board of Directors
Life Skills Center of Elyria
Lorain County, Ohio
2015 West River Road North
Elyria, Ohio 44035

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Elyria, Lorain County, Ohio (the "School") as of and for the year ended June 30, 2016, 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 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Elyria
Lorain County, Ohio

Management Letter

June 30, 2017

Rea & associates a brighter way

January 19, 2018

To the Board of Directors, Sponsor and Management
Life Skills Center of Elyria
Lorain County, Ohio
2015 West River Road N
Elyria, Ohio 44035

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Elyria, Lorain County Ohio (the "School"), as of and for the year ended June 30, 2017, and have issued our report thereon dated January 19, 2018.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated January 19, 2018 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2017.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2018 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2016, to June 30, 2017. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38 states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2017 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.

Life Skills Center of Elyria
Lorain County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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January 19, 2018

To the Board of Directors
Life Skills Center of Elyria
Lorain County, Ohio
2015 West River Road North
Elyria, Ohio 44035

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Elyria, Lorain County, Ohio, (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4-8, 31-32, and 33-36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The discussion and analysis of the Life Skills Center of Elyria's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard 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

- In total, Net Position increased $6,308, which represents a .6 percent change from 2016.
- Total assets decreased $16,001, which represents a 16.9 percent change from 2016. This was mainly due to the decrease in state aid receivable offset by an increase in cash and cash equivalents.
- Total liabilities increased $225,797, which represents a 22.4 percent change from 2016. This is primarily the result of an increase in net pension liability offset by a decrease in continuing fees payable.
- Deferred outflows of resources increased $136,445, which represents a 148.5 percent change from 2016. This change represents contractually required amounts due to GASB 68.
- Deferred inflows of resources decreased $111,661, which represents a 54.2 percent change from 2016. This change results from GASB 68.

During a prior year, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Using this Financial Report

This report consists of three parts, the required supplementary information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2017. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

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

(Table 1)
Statement of Net Position

	2017	2016
Assets		
Current Assets	$ 77,285	$ 91,716
Capital Assets, Net	1,308	2,878
Total Assets	78,593	94,594
Deferred Outflow of Resources		
Pension System	228,343	91,898
Liabilities		
Current Liabilities	31,214	49,191
Long Term Liabilities	1,201,654	957,880
Total Liabilities	1,232,868	1,007,071
Deferred Inflow of Resources		
Pension System	94,168	205,829
Net Position		
Investment in Capital Assets	1,308	2,878
Unrestricted	(1,021,408)	(1,029,286)
Total Net Position	$ (1,020,100)	$ (1,026,408)

Total assets decreased $16,001 from 2016. This was mainly due to the decrease in state aid receivable offset by an increase in cash and cash equivalents. Deferred outflows of resources increased $136,445 from 2016. Liabilities increased by $225,797 from 2016. This is primarily the result of an increase in net pension liability offset by a decrease in continuing fees payable. Deferred inflows of resources decreased $111,661. The changes for deferred outflows and inflows of resources represent the effects due to GASB 68. The School operates under a management agreement with LS Elyria, LLC. Under the terms of the management agreement, LS Elyria, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, note 9).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2017 and fiscal year 2016, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2017	2016
Operating Revenue		
State Aid	$ 1,090,604	$ 1,296,838
Total Operating Revenue	1,090,604	1,296,838
Non-Operating Revenues		
Grants	95,241	135,452
Interest	264	67
Miscellaneous	17,940	15,720
Total Revenues	1,204,049	1,448,077
Operating Expenses		
Purchased Services: Management Fees	1,030,754	1,225,216
Purchased Services: Grant Programs	95,241	135,452
Pension	(4,332)	(6,720)
Sponsorship Fees	33,813	40,147
Board of Education	3,500	6,500
Legal	5,327	3,920
Insurance: D&O & Liability	8,798	8,040
Auditing and Accounting	23,070	20,805
Depreciation	1,570	1,570
Bank Fees-	-	87
Total Operating Expenses	1,197,741	1,435,017
Change in Net Position	$ 6,308	$ 13,060

The School's operating and non-operating revenues in 2017 were based on the School's full-time equivalent (FTE) count of 113 and the School's federal grant funding received throughout the year. The decrease in School's revenue and expenses was primarily caused by the decrease in student enrollment from 121 in 2016. The School's most significant expenses, "Purchased Services: Management Fees" are a result of the management agreement in place between the School and LS Elyria, LLC. The agreement provides that specific percentages of the revenues received by the School will be paid to LS Elyria, LLC to fund operations (see notes to the financial statements, note 9).

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Capital Assets

At the end of fiscal year 2017 the School had $1,308 invested in equipment which represented a decrease of $1,570 from 2016. Table 3 shows the respective balances for both fiscal years 2017 and 2016.

(Table 3)
Capital Assets (Net of Depreciation)

	2017	2016
Equipment	$ 1,308	$ 2,878
Totals	$ 1,308	$ 2,878

For more information on capital assets, see note 8 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Elyria received revenue for 113 students in 2017 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,651 in fiscal year 2017. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 9).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Elyria, 3320 West Market Street, Suite, 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Current assets		
Cash & cash equivalents	$	55,513
Continuing fee receivable		17,744
Prepaid insurance		2,364
Grant funding receivable		1,664
Total current assets		77,285
Noncurrent assets		
Capital assets, net		1,308
Total assets		78,593
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		228,343
LIABILITIES		
Current liabilities		
Accounts payable		4,812
State aid payable		22,220
Grant funding payable		4,182
Total current liabilities		31,214
Long term liabilities		
Net pension liability		1,201,654
Total liabilities		1,232,868
DEFERRED INFLOWS OF RESOURCES		
Pension system		94,168
NET POSITION		
Investment in capital assets		1,308
Unrestricted		(1,021,408)
Total net position	$	(1,020,100)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES		
State basic aid	$	1,061,619
Facilities aid		22,644
Graduation bonus		4
Casino revenue		6,337
Total operating revenues		1,090,604
OPERATING EXPENSES		
Purchased services: Management fees		1,030,754
Purchased services: Federal grant programs		94,827
Purchased services: State grant programs		414
Pension		(4,332)
Sponsorship fees		33,813
Board of education		3,500
Legal		5,327
Accounting & auditing		23,070
Insurance: D&O & liability		8,798
Depreciation		1,570
Total operating expenses		1,197,741
Operating loss		(107,137)
NON-OPERATING REVENUES		
Federal grants		94,827
State grants		414
Miscellaneous revenue		17,940
Interest		264
Total non-operating revenues		113,445
Change in net position		6,308
Net position, July 1, 2016		(1,026,408)
Net position, June 30, 2017	$	(1,020,100)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,115,330
Cash payments to suppliers for goods and services		(1,218,480)
Net cash used for operating activities		(103,150)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		97,444
Cash received from miscellaneous revenue		17,940
Net cash received from noncapital financing activities		115,384
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		264
Net increase in cash and cash equivalents		12,498
Cash and cash equivalents at beginning of year		43,015
Cash and cash equivalents at end of year	$	55,513
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(107,137)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		1,570
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Prepaid insurance		(782)
State aid receivable		43,253
Continuing fee receivable		(17,744)
Pension deferred outflows		(136,446)
Accounts payable		1,708
Grants funding payable		(79)
Net pension liability		243,774
State aid payable		22,220
Pension deferred inflows		(111,661)
Continuing fees payable		(41,826)
Total adjustments		3,987
Net cash used for operating activities	$	(103,150)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Elyria (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 also operated under the name "Life Skills Center of Greater Cleveland".

The School contracts with LS Elyria, LLC for most of its functions (see note 9).

The School signed a contract with St. Aloysius (Sponsor) to operate for a period from July 1, 2010 through June 30, 2016. Subsequently, the School signed an agreement with the Sponsor effective July 1 and expiring June 30, 2018. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Elyria, LLC. The facility is staffed with teaching personnel employed by LS Elyria, LLC, who provide services to 113 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2017. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAR Ohio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2017, 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 investments 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 their 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.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, facilities aid, graduation bonus, and casino tax distributions, which are reflected under "Operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2017 school year totaled $1,185,845.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

At the end of fiscal year 2017, Equipment had a balance of $1,308. Depreciation is computed by the straight-line method over five years for “Equipment.”

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Elyria, LLC (see note 9).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position consists of capital assets, net of accumulated depreciation, and unrestricted.

I. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2017, the School had $1,308 in capital assets.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

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

L. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 12)

3. CHANGE IN ACCOUNTING PRINCIPLES

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

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

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

3. CHANGE IN ACCOUNTING PRINCIPLES (continued)

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

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

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all School deposits was $26,954. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, none of the School's bank balance of $26,954 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2017, the School had the following investments and maturities:

		Investment Maturities
Investment type	Measurement Value	6 months or less
STAROhio	$ 28,559	$ 28,559

The School categorized its fair value measurements within the 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 the School recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its net asset value (NAV). All other investments of the School are value using quoted market prices (Level 1 inputs).

4. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days and carries a rating of AAAm by S&P Global Ratings.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2017:

Investment type	Measurement Value	% to Total
STAROhio	$ 28,559	100.00

5. CONTINUING FEE RECEIVABLE/STATE AID PAYABLE

A "Continuing fee receivable" from LS Elyria, LLC has been recorded by the School in the amount of $17,744 for outstanding management fees associated with FTE adjustments and unpaid fees. The receivable offset is due to a state aid payable of $22,220 representing state aid adjustments as of June 30, 2017.

6. GRANT FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grant funding receivable" in the amount of $1,664 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2017.

Under the terms of the management agreement (see note 9), the School has recorded a liability to LS Elyria, LLC in the amount of $4,182 for 100 percent of any State and Federal monies uncollected or unpaid to LS Elyria, LLC as of June 30, 2017.

7. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Elyria, LLC, LS Elyria, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 9). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $1,000,000 aggregate limit and a $25,000 deductible.

8. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2017 the School's capital assets consisted of the following:

Capital Assets Being Depreciated	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Equipment	$ 36,251	$ -	$ -	$ 36,251
Total Capital Assets Being Depreciated	36,251	-	-	36,251
Less Accumulated Depreciation				
Equipment	(33,373)	(1,570)	-	(34,943)
Total Accumulated Depreciation	(33,373)	(1,570)	-	(34,943)
Total Capital Assets Being **Depreciated, Net**	$ 2,878	$ (1,570)	$ -	$ 1,308

9. AGREEMENT WITH LS ELYRIA, LLC

Effective March 11, 2009, the School entered into a revised five-year management agreement (Agreement) with LS Elyria, LLC, which is an educational consulting and Management Company. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive five (5) year terms unless one party notifies the other party at by February 1st of the year prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Elyria, LLC. LS Elyria, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School.

The School is required to pay LS Elyria, LLC a monthly continuing fee of 94.5 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and LS Elyria, LLC shall receive 100 percent of any and all grants or funding of any kind generated by LS Elyria, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Elyria, LLC based on the previous month's qualified gross revenues.

9. AGREEMENT WITH LS ELYRIA, LLC (continued)

The School had purchased service expenses for the year ended June 30, 2017 to LS Elyria, LLC of $1,125,995 of which $4,182 is payable to and $17,744 is receivable from LS Elyria, LLC at June 30, 2017. LS Elyria, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

10. SPONSORSHIP FEES

The School renewed its contract with St. Aloysius as its sponsor effective July 1, 2010. As of July 2010, the School pays the Sponsor three percent of state aid. Total fees for fiscal 2017 were $33,813. The contract is for five years ending June 30, 2016, which was renewed until 2018. The Sponsor is to provide oversight, monitoring, and technical assistance for the School.

11. MANAGEMENT COMPANY EXPENSE

For the year ended June 30, 2017, LS Elyria, LLC and its affiliates incurred the following expenses on behalf of the School:

		Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Vocational Instruction (1300 Function Codes)	Support Services (2000 Function Codes)	Total
		1100	1200	1300	2000	
Direct Expenses:						
Salaries & Wages	100	$ 127,715	$ 91,012	$ -	$ 178,854	$ 397,581
Employee Benefits	200	36,700	26,153	-	51,396	114,249
Professional & Technical Services	410	51,301	80,123	14,627	71,844	217,895
Property Services	420	35,879	25,568	1,005	50,245	112,697
Utilities	450	7,181	5,117	201	10,057	22,556
Transportation	480	848	604	24	1,187	2,663
Supplies	500	17,443	12,431	4,506	24,428	58,808
All other Capital Outlay	650-690	764	545	21	1,070	2,400
Other Direct Costs	860	46,669	33,257	1,307	65,356	146,589
Indirect Expenses:						
Overhead		74,400	53,019	2,084	104,191	233,694
Total Expenses		**$ 398,900**	**$ 327,829**	**$ 23,775**	**$ 558,628**	**$ 1,309,132**

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

12. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

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

B. Plan Description - School Employees Retirement System (SERS)

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

12. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description - School Employees Retirement System (SERS) (continued)

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School's contractually required contribution to SERS was $7,851 for fiscal year 2017.

C. Plan Description – State Teachers Retirement System (STRS)

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

12. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

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

The School's contractually required contribution to STRS was $44,067 for fiscal year 2017.

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 132,329	$ 1,069,325	$ 1,201,654
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00180800%	0.00319459%	
Prior Measurement Date	0.00128000%	0.00320165%	
Change in Proportionate Share	0.00052800%	(0.00000706%)	
Pension Expense	$ (3,855)	$ 51,441	$ 47,586

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

12. DEFINED BENEFIT PENSION PLANS (continued)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,783	$43,206	$44,989
Net difference between projected and actual earnings on pension plan investments	10,915	88,784	99,699
Changes of assumptions	8,833	0	8,833
Changes in proportion and differences between School contributions and proportionate share of contributions	22,904	0	22,904
School contributions subsequent to the measurement date	7,851	44,067	51,918
Total Deferred Outflows of Resources	$ 52,286	$ 176,057	$ 228,343
Deferred Inflows of Resources			
Difference between School contributions and proportionate share of contributions	$ 39,210	$ 54,958	$ 94,168
Total Deferred Inflows of Resources	$ 39,210	$ 54,958	$ 94,168

$51,918 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$ 3,121	$ (4,599)	$ (1,478)
2019	3,124	(4,608)	(1,484)
2020	37,187	11,296	48,483
2021	33,600	3,136	36,736
	$ 77,032	$ 5,225	$ 82,257

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

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Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

12. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School proportionate share of the net pension liability	$175,195	$132,329	$96,448

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS

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

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

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

12. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$1,421,047	$1,069,325	$772,628

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School's net pension liability is expected to be significant.

13. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School's surcharge obligation was $103.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School's contributions for health care for the fiscal year ended June 30, 2015, was $615. The full amount has been contributed for fiscal year 2015.

B. State Teachers Retirement System (STRS)

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

13. POSTEMPLOYMENT BENEFITS (continued)

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

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

14. CONTINGENCIES

A. Grants

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

B. Enrollment FTE

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE has not performed such a review on the School for fiscal year 2017.

As of the date of this report, all ODE adjustments through fiscal year 2017 have been completed.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2017 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

C. Litigation

The School is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
School's Proportion of the Net Pension Liability	0.00180800%	0.00128000%	0.00258200%	0.00258200%
School's Proportionate Share of the Net Pension Liability	$ 132,329	$ 73,038	$ 130,674	$ 153,543
School's Covered-Employee Payroll	$ 61,029	$ 135,273	$ 75,786	$ 80,506
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	216.83%	53.99%	172.42%	190.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:
School Employees Retirement System (SERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
School's Proportion of the Net Pension Liability	0.00319459%	0.00320165%	0.00348410%	0.00348410%
School's Proportionate Share of the Net Pension Liability	$ 1,069,325	$ 884,842	$ 847,454	$ 1,009,481
School's Covered-Employee Payroll	$ 292,329	$ 360,629	$ 363,654	$ 235,062
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	365.80%	245.36%	233.04%	429.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 7,851	$ 8,544	$ 17,829	$ 10,504
Contributions in Relation to the Contractually Required Contribution	(7,851)	(8,544)	(17,829)	(10,504)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 56,079	$ 61,029	$ 135,273	$ 75,786
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008
	$ 11,142	$ 11,513	$ 14,002	$ 16,427	$ 12,813	$ 12,774
	(11,142)	(11,513)	(14,002)	(16,427)	(12,813)	(12,774)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 80,506	$ 85,599	$ 111,392	$ 121,322	$ 130,213	$ 130,081
	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 44,067	$ 40,926	$ 50,488	$ 47,275
Contributions in Relation to the Contractually Required Contribution	(44,067)	(40,926)	(50,488)	(47,275)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 314,764	$ 292,329	$ 360,629	$ 363,654
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

LIFE SKILLS CENTER OF ELYRIA
LORAIN COUNTY

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

2013	2012	2011	2010	2009	2008
$ 30,558	$ 37,705	$ 53,765	$ 59,075	$ 61,972	$ 65,203
(30,558)	(37,705)	(53,765)	(59,075)	(61,972)	(65,203)
$ -	$ -	$ -	$ -	$ -	$ -
$ 235,062	$ 290,038	$ 413,577	$ 454,423	$ 476,708	$ 501,562
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

January 19, 2018

To the Board of Directors
Life Skills Center of Elyria
Lorain County, Ohio
2015 West River Road North
Elyria, Ohio 44035

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Elyria, Lorain County, Ohio (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of North Akron
Summit County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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December 28, 2015

To the Board of Directors
Life Skills Center of North Akron
Summit County, Ohio
1458 Brittain Road
Akron, Ohio 44310

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of North Akron, Summit County, Ohio (the "School") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2015, 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.

Emphasis of a Matter

As described in Note 3, the School restated the June 30, 2014 net position balance to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the School's Proportionate Share of the Net Pension Liability*, and *Schedule of School Contributions* on pages 4-9, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Life Skills Center of North Akron's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, net position increased $1,169, which represents a 0.1 percent change from 2014. This was primarily due to an increase in state basic aid.

- Total assets increased $74,011, which represents a change of 95.7 percent from 2014. This was primarily due to an increase in state aid receivable.

- Liabilities decreased $144,939, which represents a 11.1 percent change from 2014. This was due to the decrease in net pension liability.

- Deferred outflows of resources decreased $20,284, which represents a 26.9 percent change from 2014. This change represents contractually required amounts due to GASB 68.

- Deferred inflows of resources increased $197,497, which is the first year in which it was recorded. This change is due to the implementation of GASB 68.

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $58,235 to ($1,152,424).

Financial Highlights (continued)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implantation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $75,465 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows and deferred outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $57,762. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$	1,290,665
Pension expense under GASB 68		(57,762)
2015 contractually required contribution		44,896
Adjusted 2015 program expenses		1,277,799
Total 2014 program expenses under GASB 27		1,168,274
Increase in program expenses not related to pension	$	109,525

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Statement of Net Position

The Statement of Net Position answers the question of how the School performed financially during 2015. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital, and current and long-term using, the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2015 and fiscal year 2014.

(Table 1)
Statement of Net Position

	2015	Restated 2014
Assets		
Current Assets	$ 149,199	$ 73,895
Capital Assets, Net	2,157	3,450
Total Assets	151,356	77,345
Deferred Outflows of Resources		
Pension System	55,181	75,465
Liabilities		
Current Liabilities	79,086	19,110
Long Term Liabilities	1,081,209	1,286,124
Total Liabilities	1,160,295	1,305,234
Deferred Inflows of Resources		
Pension System	197,497	-
Net Position		
Investment in Capital Assets	2,157	3,450
Unrestricted	(1,153,412)	(1,155,874)
Total Net Position	$ (1,151,255)	$ (1,152,424)

Total assets increased $74,011. This increase was primarily due to an increase in state aid receivable. Deferred outflows of resources decreased $20,284. Liabilities decreased by $144,939. This decrease is primarily due to the decrease in net pension liability. Deferred inflows of resources increased $197,497. The changes in deferred outflows and inflows of resources is impacted by the implementation of GASB 68.

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2015 and 2014, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2015	2014
Operating Revenue		
State Aid	$ 1,167,097	$ 1,049,819
	1,167,097	1,049,819
Non-Operating Revenues		
Grants	109,309	116,437
Interest	37	13
Miscellaneous	15,391	-
Total Revenues	1,291,834	1,166,269
Operating Expenses		
Management Fees	1,097,056	989,166
Mgmt Fee Contra - Pension Funding	(44,896)	-
Grant Programs	109,309	116,437
Pension Expense	57,762	-
Sponsorship Fees	32,177	31,006
Legal	3,228	2,922
Advertising	609	834
Insurance	6,968	7,143
Auditing and Accounting	13,005	4,945
Depreciation	1,294	6,422
Board of Education	14,153	9,379
Miscellaneous	-	20
Total Expenses	1,290,665	1,168,274
Change in Net Position	$ 1,169	$ (2,005)

State aid revenues increased in 2015 primarily due to the addition of facilities aid and an increase in per pupil state grant revenue. The School's most significant expenses, Management fees increased due to the management agreement in place between the School and WHLS. As stated previously, the agreement provides that specific percentages of the revenues received by the School will be paid to WHLS to fund operations (see notes to the financial statements, note 8).

Capital Assets

At the end of fiscal year 2015 the School had $2,157 invested in furniture and equipment. Table 3 shows capital asset balances for fiscal year 2015 compared to 2014.

(Table 3)
Capital Assets (Net of Depreciation)

	2015	2014
Equipment	2,157	3,450
Totals	$ 2,157	$ 3,450

For more information on capital assets, see note 7 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of North Akron received revenue for 113 students in 2015. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $10,328 in fiscal year 2015. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of North Akron, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Current assets		
Cash & cash equivalents	$	69,196
State aid receivable		79,113
Continuing fees receivable		890
Total current assets		149,199
Noncurrent assets		
Capital assets, net		2,157
Total assets		151,356
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		55,181
LIABILITIES		
Current liabilities		
Accounts payable		1,655
Continuing fees payable		77,081
Grant funding payable		350
Total current liabilities		79,086
Long term liabilities		
Net pension liability		1,081,209
Total long term liabilities		1,081,209
Total liabilities		1,160,295
DEFERRED INFLOWS OF RESOURCES		
Pension system		197,497
NET POSITION		
Investment in capital assets		2,157
Unrestricted net position		(1,153,412)
Total net position	$	(1,151,255)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES		
State basic aid	$	1,151,364
Facilities aid		9,437
Casino revenue		6,296
Total operating revenues		1,167,097
OPERATING EXPENSES		
Management fees		1,097,056
Mgmt fee contra - pension funding		(44,896)
Grant programs		109,309
Sponsorship fees		32,177
Pension expense		57,762
Board of education		14,153
Legal		3,228
Advertising		609
Accounting & auditing		13,005
Insurance: D&O & liability		6,968
Depreciation expense		1,294
Total operating expenses		1,290,665
Operating loss		(123,568)
NON-OPERATING REVENUE		
Grants		109,309
Miscellaneous revenue		15,391
Interest		37
Total non-operating revenue		124,737
Change in net position		1,169
Net position, June 30, 2014 (restated - see note 3)		(1,152,424)
Net position, June 30, 2015	$	(1,151,255)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,167,097
Cash payments to suppliers for goods and services		(1,296,533)
Net cash used for operating activities		(129,436)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		118,750
Cash received from miscellaneous revenue		15,391
Net cash received from noncapital financing activities		134,141
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		37
Net increase in cash and cash equivalents		4,742
Cash and cash equivalents at beginning of year		64,454
Cash and cash equivalents at end of year	$	69,196
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(123,568)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		1,294
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(890)
State aid receivable		(79,113)
Pension deferred outflows		20,283
Accounts payable		1,602
Grants funding payable		(16,473)
Net pension liability		(204,914)
Pension deferred inflows		197,497
Management fees payable		74,846
Total adjustments		(5,868)
Net cash used for operating activities	$	(129,436)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of North Akron (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with WHLS of Ohio, LLC (WHLS) for most of its functions (see note 8).

The School signed a contract with Ohio Council of Community Schools (OCCS) (the Sponsor), to operate for a period from July 1, 2014 through June 30, 2019. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is staffed with teaching personnel employed by WHLS, who provide services to 113 students. The Board also operates the Hope Academy Northwest Campus in Cleveland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2015. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2015 investments were limited to the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2015.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program and casino tax distributions which are reflected under "operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Intergovernmental Revenues (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2015 school year totaled $1,276,406.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

The capital assets are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation at $2,157. Depreciation is computed by the straight-line method over five years for “Equipment.”

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with WHLS (see note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported. The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$58,235
Adjustments:	
Net Pension Liability	(1,286,124)
Deferred Outflow - Payments Subsequent to Measurement Date	75,465
Restated Net Position June 30, 2014	($1,152,424)

Other than employer contributions subsequent to the measurement date, the School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all School deposits was $18,960. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, none of the School's bank balance of $18,960 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

4. DEPOSITS AND INVESTMENTS (continued)

A. Deposits with Financial Institutions (continued)

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2015, the School had the following investments and maturities:

		Investment Maturities		
Investment type	Balance at Fair Value	6 months or less	7 to 12 months	Greater than 24 months
STAROhio	$ 50,236	$ 50,236	$ -	$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAA money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2015:

Investment type	Fair Value	% to Total
STAR Ohio	$ 50,236	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School did not have a "Grants funding receivable" to account for the remainder of state and federal awards allocated to the School, but not received as of June 30, 2015.

Under the terms of the management agreement (see note 8), the School has recorded a liability to WHLS in the amount of $350 for 100 percent of any state and federal monies uncollected or unpaid to WHLS as of June 30, 2015.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant change in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $10,000, or $25,000 deductible, dependent on the claim.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2015, the School's capital assets consisted of the following:

	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Capital Assets Being Depreciated:				
Equipment	150,144	-	-	150,144
Total Capital Assets Being Depreciated	150,144	-	-	150,144
Less Accumulated Depreciation:				
Equipment	(146,694)	(1,294)	-	(147,988)
Total Accumulated Depreciation	(146,694)	(1,294)	-	(147,988)
Total Capital Assets Being Depreciated	$ 3,450	$ (1,294)	$ -	$ 2,156

8. AGREEMENT WITH WHLS

Effective January 22, 2009, the School entered into a five-year, revised, management agreement (Agreement) with WHLS, which is an educational consulting and management company. The Agreement's term will renew for additional, successive five (5) year terms unless one party notifies the other party on or before January 1 prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay WHLS a monthly continuing fee of 94 1/2 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and WHLS shall receive 100 percent of any and all grants or funding of any kind generated by WHLS, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to WHLS based on qualified gross revenues.

8. AGREEMENT WITH WHLS (continued)

The School had management fee (including grant programs) expenses and grant program expenses for the year ended June 30, 2015 to WHLS of $1,206,365 of which $77,431 was payable to WHLS at June 30, 2015. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

Under Paragraph D(5) of the sponsor contract with OCCS, it states that the School "…shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight fees and costs of the Sponsor pursuant to this contract." Such fees are paid to OCCS monthly. As indicated on the Statement of Revenues, Expenses and Changes in Net Position, the School incurred $32,177 in sponsorship fees to OCCS.

10. MANAGEMENT COMPANY EXPENSE

For the year ended June 30, 2015, WHLS of Ohio, LLC and its affiliates incurred the following expenses on behalf of the School.

Expenses	**2015**
Direct Expenses:	
Salaries & wages	$ 369,484
Employees' benefits	92,140
Professional & technical services	143,943
Property services	88,619
Travel	713
Communications	35,908
Utilities	21,197
Transportation	10,927
Books, periodicals, & films	1,574
Food and related supplies	23,415
Other supplies	33,890
Depreciation	3,280
Other direct costs	28,670
Indirect Expenses:	
Overhead	289,748
Total Expenses	$ 1,143,508

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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, marketing and communications.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employees Retirement System (SERS)(continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $8,643 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement Systems (STRS)

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement Systems (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement Systems (STRS) (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $36,253 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$111,493	$969,716	$1,081,209
Proportion of the Net Pension Liability	0.220300%	0.3986750%	
Pension Expense	$3,351	$54,411	$57,762

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$950	$9,335	$10,285
School District contributions subsequent to the measurement date	8,643	36,253	44,896
Total Deferred Outflows of Resources	$9,593	$45,588	$55,181
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$18,096	$179,401	$197,497
Total Deferred Inflows of Resources	$18,096	$179,401	$197,497

11. DEFINED BENEFIT PENSION PLANS (continued)

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

$44,896 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	($4,287)	($42,517)	($46,804)
2017	(4,287)	(42,517)	(46,804)
2018	(4,287)	(42,517)	(46,804)
2019	(4,285)	(42,515)	(46,800)
Total	($17,146)	($170,066)	($187,212)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$159,067	$111,493	$71,479

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$1,388,254	$969,716	$615,773

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages. As of June 30, 2015, there were no members that elected Social Security.

12. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. WHLS' contributions on behalf of the School assigned to health care for the year ending June 30, 2015, 2014, and 2013 was $525, $803, and $80, respectively.

B. State Teachers Retirement System

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

12. POSTEMPLOYMENT BENEFITS (continued)

A. State Teachers Retirement System (continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ending June 30, 2015, 2014, and 2013 was $0, $3,096, and $3,125, respectively; 100 percent has been contributed for fiscal year 2015.

13. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

Life Skills Center of North Akron, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.002203%	0.002203%
School's Proportionate Share of the Net Pension Liability	$ 111,493	$ 131,005
School's Covered-Employee Payroll	$ 41,241	$ 20,838
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	270.35%	628.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Life Skills Center of North Akron, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.00398675%	0.00398675%
School's Proportionate Share of the Net Pension Liability	$ 969,716	$ 1,155,119
School's Covered-Employee Payroll	$ 536,531	$ 240,385
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	180.74%	480.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Life Skills Center of North Akron, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 8,643	$ 5,716	$ 2,884	$ 4,436
Contributions in Relation to the Contractually Required Contribution	(8,643)	(5,716)	(2,884)	(4,436)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 65,577	$ 41,241	$ 20,838	$ 32,981
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

Life Skills Center of North Akron, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 7,115	$ 9,392	$ 11,025	$ 10,330	$ 11,662	$ 14,847
(7,115)	(9,392)	(11,025)	(10,330)	(11,662)	(14,847)
$ -	$ -	$ -	$ -	$ -	$ -
$ 56,603	$ 69,365	$ 112,043	$ 105,193	$ 109,195	$ 140,331
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Life Skills Center of North Akron, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 36,253	$ 69,749	$ 31,250	$ 49,905
Contributions in Relation to the Contractually Required Contribution	(36,253)	(69,749)	(31,250)	(49,905)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 258,950	$ 536,531	$ 240,385	$ 383,885
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

Life Skills Center of North Akron, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 54,114	$ 62,392	$ 48,776	$ 49,310	$ 46,768	$ 41,007
(54,114)	(62,392)	(48,776)	(49,310)	(46,768)	(41,007)
$ -	$ -	$ -	$ -	$ -	$ -
$ 416,262	$ 479,938	$ 375,200	$ 379,308	$ 359,754	$ 315,438
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 28, 2015

To the Board of Directors
Life Skills Center of North Akron
Summit County, Ohio
1458 Brittain Road
Akron, Ohio 44310

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of North Akron, Summit County, Ohio (the "School") as of and for the year ended June 30, 2015, 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 28, 2015, in which we noted the School restated the June 30, 2014 net position to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*."

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of North Akron
Summit County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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December 27, 2016

To the Board of Directors
Life Skills Center of North Akron
Summit County, Ohio
1458 Brittain Road
Akron, Ohio 44310

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of North Akron, Summit County, Ohio, (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2016, and the changes in financial position and the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4–8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Life Skills Center of North Akron's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, net position increased $44,137, which represents a 3.8 percent change from 2015. This was primarily due to an increase in state basic aid exceeding expenses.

- Total assets decreased $20,570, which represents a change of 13.6 percent from 2015. This was primarily due to a decrease in state aid receivable.

- Liabilities decreased $186,749, which represents a 16.1 percent change from 2015. This was due to the decrease in net pension liability.

- Deferred outflows of resources increased $27,398, which represents a 49.7 percent change from 2015. This change represents contractually required amounts due to GASB 68.

- Deferred inflows of resources increased $149,440 from 2015, which represents a 75.7 percent change from 2015. This change is due to GASB 68.

During 2015, the School adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows. The School is also reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how the School performed financially during 2016. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital, and current and long-term using, the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2016 and fiscal year 2015.

(Table 1)
Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 129,923	$ 149,199
Capital Assets, Net	863	2,157
Total Assets	130,786	151,356
Deferred Outflows of Resources		
Pension System	82,579	55,181
Liabilities		
Current Liabilities	48,296	79,086
Long Term Liabilities	925,250	1,081,209
Total Liabilities	973,546	1,160,295
Deferred Inflows of Resources		
Pension System	346,937	197,497
Net Position		
Investment in Capital Assets	863	2,157
Unrestricted	(1,107,981)	(1,153,412)
Total Net Position	$ (1,107,118)	$ (1,151,255)

Total assets decreased $20,570. This decrease was primarily due to a decrease in state aid receivable. Deferred outflows of resources increased $27,398. Liabilities decreased by $186,749. This decrease is primarily due to the decrease in net pension liability. Deferred inflows of resources increased $149,440. The changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68.

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2016 and 2015, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2016	2015
Operating Revenue		
State Aid	$ 1,257,029	$ 1,167,097
	1,257,029	1,167,097
Non-Operating Revenues		
Federal grants	118,826	109,309
State grants	4,985	-
Interest	124	37
Miscellaneous	15,720	15,391
Total Revenues	1,396,684	1,291,834
Operating Expenses		
Purchased Services: Management Fees	1,181,593	1,097,056
Mgmt Fee Contra - Pension Funding	(40,292)	(44,896)
Purchased Services: Federal grant programs	118,826	109,309
Purchased Services: State grant programs	4,985	
Pension	6,375	57,762
Sponsorship Fees	40,548	32,177
Legal	4,169	3,228
Advertising	-	609
Insurance: D&O & Liability	1,153	6,968
Auditing and Accounting	20,805	13,005
Depreciation	1,294	1,294
Board of Education	13,091	14,153
Total Expenses	1,352,547	1,290,665
Change in Net Position	$ 44,137	$ 1,169

State aid revenues increased in 2016 primarily due to the addition of facilities aid and an increase in per pupil state grant revenue. The School's most significant expenses, "Purchased services: management fees" increased due to the management agreement in place between the School and WHLS. As stated previously, the agreement provides that specific percentages of the revenues received by the School will be paid to WHLS to fund operations (see notes to the financial statements, note 8).

Capital Assets

At the end of fiscal year 2016 the School had $863 invested in equipment. Table 3 shows capital asset balances for fiscal year 2015 compared to 2014.

(Table 3)
Capital Assets (Net of Depreciation)

	2016	2015
Equipment	863	2,157
Totals	$ 863	$ 2,157

For more information on capital assets, see note 7 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of North Akron received revenue for 128 students in 2016. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,821 in fiscal year 2016. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of North Akron, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS		
Current assets		
Cash & cash equivalents	$	81,255
Grant funding receivable		4,529
Prepaid insurance		5,140
Continuing fees receivable		38,999
Total current assets		129,923
Noncurrent assets		
Capital assets, net		863
Total assets		130,786
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		82,579
LIABILITIES		
Current liabilities		
Accounts payable		2,149
State aid payable		41,268
Grant funding payable		4,879
Total current liabilities		48,296
Long term liabilities		
Net pension liability		925,250
Total long term liabilities		925,250
Total liabilities		973,546
DEFERRED INFLOWS OF RESOURCES		
Pension system		346,937
NET POSITION		
Investment in capital assets		863
Unrestricted net position		(1,107,981)
Total net position	$	(1,107,118)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES		
State basic aid	$	1,231,225
Facilities aid		19,139
Casino revenue		6,665
Total operating revenues		1,257,029
OPERATING EXPENSES		
Purchased services: Management fees		1,181,593
Management fee contra - Pension funding		(40,292)
Purchased services: Federal grant programs		118,826
Purchased services: State grant programs		4,985
Pension		6,375
Sponsorship fees		40,548
Board of education		13,091
Legal		4,169
Accounting & auditing		20,805
Insurance: D&O & liability		1,153
Depreciation		1,294
Total operating expenses		1,352,547
Operating loss		(95,518)
NON-OPERATING REVENUES		
Federal grant		118,826
State grant		4,985
Miscellaneous revenue		15,720
Interest		124
Total non-operating revenues		139,655
Change in net position		44,137
Net position, July 1, 2015		(1,151,255)
Net position, June 30, 2016	$	(1,107,118)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	1,294,187
Cash payments to suppliers for goods and services		(1,417,254)
Net cash used for operating activities		(123,067)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		119,282
Cash received from miscellaneous revenue		15,720
Net cash received from noncapital financing activities		135,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		124
Net increase in cash and cash equivalents		12,059
Cash and cash equivalents at beginning of year		69,196
Cash and cash equivalents at end of year	$	81,255
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(95,518)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		1,294
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(38,109)
State aid receivable		79,113
Prepaid insurance		(5,140)
Pension deferred outflows		(27,398)
Accounts payable		494
Grants funding payable		4,529
Net pension liability		(155,959)
State aid payable		41,268
Pension deferred inflows		149,440
Continuing fees payable		(77,081)
Total adjustments		(27,549)
Net cash used for operating activities	$	(123,067)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of North Akron (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with WHLS of Ohio, LLC (WHLS) for most of its functions (see note 8).

The School signed a contract with Ohio Council of Community Schools (OCCS) (the Sponsor), to operate for a period from July 1, 2014 through June 30, 2019. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is staffed with teaching personnel employed by WHLS, who provide services to 128 students. The Board also operates the Hope Academy Northwest Campus in Cleveland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2016. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2016 investments were limited to the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2016.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, facilities aid and casino tax distributions which are reflected under "Operating revenue" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Intergovernmental Revenues (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2016 school year totaled $1,380,840.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

The capital assets are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation at $863. Depreciation is computed by the straight-line method over five years for “Equipment.”

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with WHLS (see note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all School deposits was $24,550. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, none of the School's bank balance of $24,550 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2016, the School had the following investments and maturities:

		Investment Maturities
Investment type	Measurement Value	6 months or less
STAROhio	$ 56,705	$ 56,705

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm Money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2016:

4. DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Investment type	Measurement Value	% to Total
STAR Ohio	$ 56,705	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $4,529 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2016.

Under the terms of the management agreement (see note 8), the School has recorded a liability to WHLS in the amount of $4,879 for 100 percent of any state and federal monies uncollected or unpaid to WHLS as of June 30, 2016.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant change in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $10,000, or $25,000 deductible, dependent on the claim.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2016, the School's capital assets consisted of the following:

7. CAPITAL ASSETS AND DEPRECIATION (continued)

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Capital Assets Being Depreciated:				
Equipment	150,145	-	-	150,145
Total Capital Assets Being Depreciated	150,145	-	-	150,145
Less Accumulated Depreciation:				
Equipment	(147,988)	(1,294)	-	(149,282)
Total Accumulated Depreciation	(147,988)	(1,294)	-	(149,282)
Total Capital Assets Being Depreciated	$ 2,157	$ (1,294)	$ -	$ 863

8. AGREEMENT WITH WHLS

Effective January 22, 2009, the School entered into a five-year, revised, management agreement (Agreement) with WHLS, which is an educational consulting and management company. The Agreement's term will renew for additional, successive five (5) year terms unless one party notifies the other party on or before January 1 prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay WHLS a monthly continuing fee of 94 1/2 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and WHLS shall receive 100 percent of any and all grants (not including Ed Jobs) or funding of any kind generated by WHLS, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to WHLS based on qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2016 to WHLS of $1,305,404 of which $38,999 was a receivable and $4,879 was a payable due from WHLS at June 30, 2016. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

Under Paragraph D(5) of the sponsor contract with OCCS, it states that the School "…shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight fees and costs of the Sponsor pursuant to this contract." Such fees are paid to OCCS monthly. As indicated on the Statement of Revenues, Expenses and Changes in Net Position, the School incurred $40,548 in sponsorship fees to OCCS.

10. MANAGEMENT COMPANY EXPENSE

For the year ended June 30, 2016, WHLS of Ohio, LLC and its affiliates incurred the following expenses on behalf of the School.

Expenses	2016
Direct Expenses:	
Salaries & wages	$ 419,341
Employees' benefits	86,192
Professional & technical services	196,290
Property services	109,449
Travel	3,364
Communications	45,301
Utilities	16,012
Transportation	7,380
Books, periodicals, & films	1,435
Food and related supplies	20,915
Other supplies	62,752
Depreciation	4,929
Interest	308
Other direct costs	41,778
Indirect Expenses:	
Overhead	320,237
Total Expenses	$ 1,335,683

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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, marketing and communications.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

A. Net Pension Liability (continued)

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employees Retirement System (SERS)(continued)

Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $5,690 for fiscal year 2016.

C. Plan Description – State Teachers Retirement Systems (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement Systems (STRS) (continued)

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $34,602 for fiscal year 2016.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

11. DEFINED BENEFIT PENSION PLANS (continued)

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$59,960	$865,290	$925,250
Proportion of the Net Pension Liability	0.001051%	0.0031309%	
Pension Expense	($1,297)	$7,672	$6,375

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$40,950	$1,337	$42,287
School District contributions subsequent to the measurement date	34,602	5,690	40,292
Total Deferred Outflows of Resources	$75,552	$7,027	$82,579
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$91,115	$9,085	$100,200
Changes in proportion and differences	195,746	50,991	246,737
Total Deferred Inflows of Resources	$286,861	$60,076	$346,937

$40,292 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	$ (72,106)	$ (19,253)	$ (91,359)
2018	(72,106)	(19,253)	(91,359)
2019	(72,107)	(19,263)	(91,370)
2020	(29,592)	(970)	(30,562)
	$ (245,911)	$ (58,739)	$ (304,650)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$83,143	$59,960	$40,438

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$1,201,952	$865,290	$580,591

12. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School's contributions for healthcare (including surcharge) for fiscal year ended June 30, 2016, 2015, and 2014 was $42, $525, and $803, respectively.

B. State Teachers Retirement System

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

12. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ending June 30, 2016, 2015, and 2014 was $0, $0, and $3,096, respectively; 100 percent has been contributed for fiscal year 2016, 2015 and 2014.

13. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 and 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.001051%	0.002203%	0.002203%
School's Proportionate Share of the Net Pension Liability	$ 59,960	$ 111,493	$ 131,005
School's Covered-Employee Payroll	$ 65,577	$ 28,737	$ 20,838
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	91.43%	387.98%	628.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.0031309%	0.003987%	0.003987%
School's Proportionate Share of the Net Pension Liability	$ 865,290	$ 969,716	$ 1,155,119
School's Covered-Employee Payroll	$ 258,950	$ 333,369	$ 240,385
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	334.15%	290.88%	480.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$ 5,690	$ 8,643	$ 3,983	$ 2,884
Contributions in Relation to the Contractually Required Contribution	(5,690)	(8,643)	(3,983)	(2,884)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 40,643	$ 65,577	$ 28,737	$ 20,838
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2012	2011	2010	2009	2008	2007
$ 4,436	$ 7,115	$ 9,392	$ 11,025	$ 10,330	$ 11,662
(4,436)	(7,115)	(9,392)	(11,025)	(10,330)	(11,662)
$ -	$ -	$ -	$ -	$ -	$ -
$ 32,981	$ 56,603	$ 69,365	$ 112,043	$ 105,193	$ 109,195
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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

	2016	2015	2014	2013
Contractually Required Contribution	$ 34,602	$ 36,253	$ 43,338	$ 31,250
Contributions in Relation to the Contractually Required Contribution	(34,602)	(36,253)	(43,338)	(31,250)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 247,157	$ 258,950	$ 333,369	$ 240,385
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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

2012	2011	2010	2009	2008	2007
$ 49,905	$ 54,114	$ 62,392	$ 48,776	$ 49,310	$ 46,768
(49,905)	(54,114)	(62,392)	(48,776)	(49,310)	(46,768)
$ -	$ -	$ -	$ -	$ -	$ -
$ 383,885	$ 416,262	$ 479,938	$ 375,200	$ 379,308	$ 359,754
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 27, 2016

To the Board of Directors
Life Skills Center of North Akron
Summit County, Ohio
1458 Brittain Road
Akron, Ohio 44310

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of North Akron, Summit County, Ohio (the "School") as of and for the year ended June 30, 2016, 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 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Life Skills Center of North Akron
Summit County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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January 19, 2018

To the Board of Directors
Life Skills Center of North Akron
Summit County, Ohio
1458 Brittain Road
Akron, Ohio 44310

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of North Akron, Summit County, Ohio, (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4–8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Rea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The discussion and analysis of the Life Skills Center of North Akron's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, net position decreased $48,859, which represents a 4.4 percent change from 2016. This was primarily due to a decrease in state basic aid.

- Total assets decreased $27,570, which represents a change of 21.1 percent from 2016. This decrease was primarily due to a decrease in continuing fees receivable offset by an increase in cash and cash equivalents.

- Liabilities increased $600,463, which represents a 61.7 percent change from 2016. This increase is primarily due to the increase in net pension liability.

- Deferred outflows of resources increased $413,746, which represents a 501.0 percent change from 2016. This change represents contractually required amounts due to GASB 68.

- Deferred inflows of resources decreased $165,428 from 2016, which represents a 47.7 percent change from 2016. This change represents contractually required amounts due to GASB 68.

During a prior year, the School adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

Financial Highlights (Continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows. The School is also reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how the School performed financially during 2017. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital, and current and long-term using, the accrual basis of accounting, which is 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 expended.

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

(Table 1)
Statement of Net Position

	2017	2016
Assets		
Current Assets	$ 103,216	$ 129,923
Capital Assets, Net	-	863
Total Assets	103,216	130,786
Deferred Outflows of Resources		
Pension System	496,325	82,579
Liabilities		
Current Liabilities	16,648	48,296
Long Term Liabilities	1,557,361	925,250
Total Liabilities	1,574,009	973,546
Deferred Inflows of Resources		
Pension System	181,509	346,937
Net Position		
Investment in Capital Assets	-	863
Unrestricted	(1,155,977)	(1,107,981)
Total Net Position	$ (1,155,977)	$ (1,107,118)

Total assets decreased $27,570. This decrease was primarily due to a decrease in continuing fees receivable. Deferred outflows of resources increased $413,746. Liabilities increased by $600,463. This increase is primarily due to the decrease in net pension liability. Deferred inflows of resources decreased $165,428. The changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68.

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal years 2017 and 2016, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2017	2016
Operating Revenue		
State Aid	$ 944,693	$ 1,257,029
Total Operating Revenue	944,693	1,257,029
Non-Operating Revenues		
Federal grants	96,560	118,826
State grants	351	4,985
Interest	622	124
Miscellaneous	17,940	15,720
Total Revenues	1,060,166	1,396,684
Operating Expenses		
Purchased Services: Management Fees	887,399	1,181,593
Purchased Services: Federal grant programs	96,560	118,826
Purchased Services: State grant programs	351	4,985
Pension	52,938	(33,917)
Sponsorship Fees	26,311	40,548
Legal	7,309	4,169
Insurance: D&O & Liability	6,293	1,153
Auditing and Accounting	23,069	20,805
Depreciation	863	1,294
Board of Education	7,889	13,091
Bank Fees	43	-
Total Expenses	1,109,025	1,352,547
Change in Net Position	$ (48,859)	$ 44,137

The decrease in revenues received in 2017 was due to the School's State aid based on a decrease in full-time equivalency (FTE) enrollment from 128 in 2016 to 95 in 2017. The School's most significant expense was "Purchased Services: Management Fees" paid pursuant to the management agreement in place between the School and WHLS. Expenses decreased during 2017 primarily due to the management agreement as it relates to a decrease in enrollment. The agreement provides that specific percentages of the revenues received by the School will be paid to WHLS to fund operations. (See notes to the basic financial statements, note 8)

Capital Assets

At the end of fiscal year 2017 all capital assets had been fully depreciated. Table 3 shows capital asset balances for fiscal year 2017 compared to 2016.

(Table 3)

Capital Assets (Net of Depreciation)

	2017	2016
Equipment	-	863
Totals	$ -	$ 863

For more information on capital assets, see note 7 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of North Akron received revenue for 94 students in 2017. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,990 in fiscal year 2017. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of North Akron, 3320 West Market Street, Suite 300, Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Current assets		
Cash & cash equivalents	$	88,524
Grant funding receivable		3,827
Prepaid insurance		5,141
State aid receivable		5,724
Total current assets		103,216
Total assets		103,216
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		496,325
LIABILITIES		
Current liabilities		
Accounts payable		4,407
Continuing fees payable		5,409
Grant funding payable		6,832
Total current liabilities		16,648
Long term liabilities		
Net pension liability		1,557,361
Total long term liabilities		1,557,361
Total liabilities		1,574,009
DEFERRED INFLOWS OF RESOURCES		
Pension system		181,509
NET POSITION		
Unrestricted		(1,155,977)
Total net position	$	(1,155,977)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES		
State basic aid	$	920,152
Facilities aid		18,888
Casino revenue		5,647
Graduation Bonus		6
Total operating revenues		944,693
OPERATING EXPENSES		
Purchased services: Management fees		887,399
Purchased services: Federal grant programs		96,560
Purchased services: State grant programs		351
Pension		52,938
Sponsorship fees		26,311
Board of education		7,889
Legal		7,309
Accounting & auditing		23,069
Insurance: D&O & liability		6,293
Bank Fees		43
Depreciation		863
Total operating expenses		1,109,025
Operating loss		(164,332)
NON-OPERATING REVENUES		
Federal grant		96,560
State grant		351
Miscellaneous revenue		17,940
Interest		622
Total non-operating revenues		115,473
Change in net position		(48,859)
Net position, July 1, 2016		(1,107,118)
Net position, June 30, 2017	$	(1,155,977)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	897,700
Cash payments to suppliers for goods and services		(1,006,606)
Net cash used for operating activities		(108,906)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		97,613
Cash received from miscellaneous revenue		17,940
Net cash received from noncapital financing activities		115,553
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		622
Net increase in cash and cash equivalents		7,269
Cash and cash equivalents at beginning of year		81,255
Cash and cash equivalents at end of year	$	88,524
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(164,332)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		863
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		38,999
State aid receivable		(5,724)
Prepaid insurance		1
Pension deferred outflows		(413,746)
Accounts payable		2,258
Grants funding payable		1,952
Net pension liability		632,110
State aid payable		(41,268)
Pension deferred inflows		(165,428)
Continuing fees payable		5,409
Total adjustments		55,426
Net cash used for operating activities	$	(108,906)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of North Akron (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with WHLS of Ohio, LLC (WHLS) for most of its functions (see note 8).

The School signed a contract with The University of Toledo (UT Board) (the Sponsor), to operate for a period from July 1, 2015 through June 30, 2019. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is staffed with teaching personnel employed by WHLS, who provide services to 95 students. The Board also operates the Hope Academy Northwest Campus in Cleveland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2017. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2017, 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 investments 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 their 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.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, facilities aid, graduation bonus, and casino tax distributions which are reflected under "Operating revenue" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Intergovernmental Revenues (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2017 school year totaled $1,041,604.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

At the end of fiscal year 2017, the School's assets of $150,145 of equipment were fully depreciated assets. Depreciation is computed by the straight-line method over five years for "Equipment."

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Elyria, LLC (see note 9).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position consists of capital assets, net of accumulated depreciation, and unrestricted.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES

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

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

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

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

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

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all School deposits was $13,439. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, none of the School's bank balance of $13,439 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2017, the School had the following investments and maturities:

	Investment Maturities	
Investment type	Measurement Value	6 months or less
STAROhio	$ 75,085	$ 75,085

The School categorized its fair value measurements within the 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 the School recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its net asset value (NAV). All other investments of the School are value using quoted market prices (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days and carries a rating of AAAm by S&P Global Ratings.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm Money market rating.

4. DEPOSITS AND INVESTMENTS (continued)

B. 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 School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2017:

Investment type	Measurement Value	% to Total
STAR Ohio	$ 75,085	100.00

5. GRANT FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grant funding receivable" in the amount of $3,827 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2017.

Under the terms of the management agreement (see note 8), the School has recorded a liability to WHLS in the amount of $6,832 for 100 percent of any state and federal monies uncollected or unpaid to WHLS as of June 30, 2017.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant change in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $2,000,000 aggregate limit and a $5,000, $10,000, or $25,000 deductible, dependent on the claim.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2017, the School's capital assets consisted of the following:

7. CAPITAL ASSETS AND DEPRECIATION (continued)

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Capital Assets Being Depreciated:				
Equipment	$ 150,145	$ -	$ -	$ 150,145
Total Capital Assets Being Depreciated	150,145	-	-	150,145
Less Accumulated Depreciation:				
Equipment	(149,282)	(863)	-	-
Total Accumulated Depreciation	(149,282)	(863)	-	(150,145)
Total Capital Assets Being Depreciated	$ 863	$ (863)	$ -	$ -

8. AGREEMENT WITH WHLS

Effective January 22, 2009, the School entered into a five-year, revised, management agreement (Agreement) with WHLS, which is an educational consulting and management company. The Agreement's term will renew for additional, successive five (5) year terms unless one party notifies the other party on or before January 1 prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay WHLS a monthly continuing fee of 94 1/2 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and WHLS shall receive 100 percent of any and all grants (not including Ed Jobs) or funding of any kind generated by WHLS, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to WHLS based on qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2017 to WHLS of $984,310 of which $12,241 was a payable due to WHLS at June 30, 2017. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

Under Paragraph D(5) of the sponsor contract with UT Board, it states that the School "…shall pay to the Sponsor the amount of three percent (3%) of the total state funds received each year, in consideration for the time, organization, oversight fees and costs of the Sponsor pursuant to this contract." Such fees are paid to UT Board monthly. As indicated on the Statement of Revenues, Expenses and Changes in Net Position, the School incurred $26,311 in sponsorship fees to UT Board.

10. MANAGEMENT COMPANY EXPENSE

For the year ended June 30, 2017, WHLS of Ohio, LLC and its affiliates incurred the following expenses on behalf of the School.

		Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Vocational Instruction (1300 Function Codes)	Support Services (2000 Function Codes)	Total
		1100	1200	1300	2000	
Direct Expenses:						
Salaries & Wages	100	$ 144,258	$ 75,267	$ -	$ 178,200	$ 397,724
Employee Benefits	200	74,161	6,000	-	12,628	92,789
Professional & Technical Services	410	51,729	54,610	17,322	63,901	187,562
Property Services	420	39,367	20,540	976	48,629	109,512
Utilities	450	7,090	3,699	176	8,757	19,722
Transportation	480	2,398	1,251	59	2,964	6,672
Supplies	500	20,655	10,831	4,023	25,516	61,025
Buildings	620	1,125	587	28	1,389	3,129
Equipment	640, 644, 645	981	511	24	1,210	2,726
All other Capital Outlay	650-690	863	450	21	1,066	2,400
Other Direct Costs	860	68,460	35,720	1,698	84,569	190,447
Indirect Expenses:						
Overhead		75,794	39,545	1,879	93,626	210,844
Total Expenses		**$ 486,881**	**$ 249,011**	**$ 26,206**	**$ 522,455**	**$ 1,284,552**

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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, marketing and communications.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

A. Net Pension Liability (continued)

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

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

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

B. Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

* Members with 25 years of service credit as of August 1, 2018, will be included in this plan.

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Plan Description – School Employees Retirement System (SERS)(continued)

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $9,827 for fiscal year 2017.

C. Plan Description – State Teachers Retirement Systems (STRS)

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

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

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Plan Description – State Teachers Retirement Systems (STRS) (continued)

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent each year until it reaches 14 percent on July 1, 2017. For the fiscal year ended June 30, 2017, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $46,069 for fiscal year 2017.

11. DEFINED BENEFIT PENSION PLANS (continued)

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 440,052	$ 1,117,309	$ 1,557,361
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00601240%	0.00333794%	
Prior Measurement Date	0.00105080%	0.00313090%	
Change in Proportionate Share	0.00496160%	0.00020704%	
Pension Expense	$ 94,551	$ 14,283	$ 108,834

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.
At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

11. DEFINED BENEFIT PENSION PLANS (continued)

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

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$45,145	$5,937	$51,082
Changes of assumptions	0	29,376	29,376
Net difference between projected and actual earnings on pension plan investments	92,766	36,300	129,066
Changes in proportion and differences between School contributions and proportionate share of contributions	35,326	195,579	230,905
School contributions subsequent to the measurement date	46,069	9,827	55,896
Total Deferred Outflows of Resources	$ 219,306	$ 277,019	$ 496,325
Deferred Inflows of Resources			
Changes in proportion and differences between School contributions and proportionate share of contributions	$ 146,809	$ 34,700	$ 181,509
Total Deferred Inflows of Resources	$ 146,809	$ 34,700	$ 181,509

$55,896 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$ (18,269)	$ 73,531	$ 55,262
2019	(18,270)	73,507	55,237
2020	17,331	75,019	92,350
2021	45,636	10,435	56,071
	$ 26,428	$ 232,492	$ 258,920

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

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

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$582,602	$440,052	$320,732

F. Actuarial Assumptions – STRS

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

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

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

11. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$1,484,813	$1,117,309	$807,298

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School's net pension liability is expected to be significant.

12. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System (SERS)

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

12. POSTEMPLOYMENT BENEFITS (continued)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School's surcharge obligation was $722.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School's contributions for health care for the fiscal year ended June 30, 2015, was $525. The full amount has been contributed for fiscal year 2015.

B. State Teachers Retirement System (STRS)

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

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

13. CONTINGENCIES

A. Grants

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

B. Enrollment FTE

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE has not performed such a review on the School for fiscal year 2017.

As of the date of this report, all ODE adjustments through fiscal year 2017 have been completed.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2017 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

C. Litigation

The School is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
School's Proportion of the Net Pension Liability	0.00601240%	0.00105080%	0.00220300%	0.00220300%
School's Proportionate Share of the Net Pension Liability	$ 440,052	$ 59,960	$ 111,493	$ 131,005
School's Covered-Employee Payroll	$ 40,643	$ 65,577	$ 28,737	$ 20,838
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	1,082.73%	91.43%	387.97%	628.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:

School Employees Retirement System (SERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
School's Proportion of the Net Pension Liability	0.00333794%	0.0031309%	0.003987%	0.003987%
School's Proportionate Share of the Net Pension Liability	$ 1,117,309	$ 865,290	$ 969,716	$ 1,155,119
School's Covered-Employee Payroll	$ 247,157	$ 258,950	$ 333,369	$ 240,385
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	452.06%	334.15%	290.88%	480.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 9,827	$ 5,690	$ 8,643	$ 3,983
Contributions in Relation to the Contractually Required Contribution	(9,827)	(5,690)	(8,643)	(3,983)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 70,193	$ 40,643	$ 65,577	$ 28,737
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 2,884	$ 4,436	$ 7,115	$ 9,392	$ 11,025	$ 10,330
(2,884)	(4,436)	(7,115)	(9,392)	(11,025)	(10,330)
$ -	$ -	$ -	$ -	$ -	$ -
$ 20,838	$ 32,981	$ 45,502	$ 69,365	$ 112,043	$ 105,193
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 46,069	$ 34,602	$ 36,253	$ 43,338
Contributions in Relation to the Contractually Required Contribution	(46,069)	(34,602)	(36,253)	(43,338)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 329,064	$ 247,157	$ 258,950	$ 333,369
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

LIFE SKILLS CENTER OF NORTH AKRON
SUMMIT COUNTY

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

2013	2012	2011	2010	2009	2008
$ 31,250	$ 49,905	$ 54,114	$ 62,392	$ 48,776	$ 49,310
(31,250)	(49,905)	(54,114)	(62,392)	(48,776)	(49,310)
$ -	$ -	$ -	$ -	$ -	$ -
$ 240,385	$ 383,885	$ 416,262	$ 479,938	$ 375,200	$ 379,308
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

January 19, 2018

To the Board of Directors
Life Skills Center of North Akron
Summit County, Ohio
1458 Brittain Road
Akron, Ohio 44310

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of North Akron, Summit County, Ohio (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of North Akron
Summit County, Ohio

Management Letter

June 30, 2017

Rea & associates a brighter way

January 19, 2018

To the Board of Directors, Sponsor and Management
Life Skills Center of North Akron
Summit County, Ohio
1458 Brittan Rd.
Akron, Ohio 44310

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of North Akron, Summit County Ohio (the "School"), as of and for the year ended June 30, 2017, and have issued our report thereon dated January 19, 2018.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated January 19, 2018 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2017.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2018 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2016, to June 30, 2017. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38 states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2017 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.

Rea & associates a brighter way

Life Skills Center of Toledo
Lucas County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

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December 28, 2015

To the Board of Directors
Life Skills Center of Toledo
Lucas County, Ohio
1830 Adams Street
Toledo, Ohio 43624

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Toledo, Lucas County, Ohio (the "School") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2015, 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.

Emphasis of a Matter

As described in Note 3, the School restated the June 30, 2014 net position balance to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the School's Proportionate Share of the Net Pension Liability*, and *Schedule of School Contributions* on pages 4-9, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Life Skills Center of Toledo's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, net position increased $39,349, which represents a 4.2 percent change from 2014. This increase is primarily due to a decrease in management fees and net pension liability.

- Total assets increased by $14,455, which represents a 15.6 percent change from 2014. This decrease is primarily the result of the increase in state aid receivable.

- Liabilities decreased $167,031, which represents a 15.4 percent change from 2014. The decrease is primarily the result of a decrease in net pension liability.

- Deferred outflows of resources increased $15,046, which represents a 27.6 percent change from 2014. This change represents contractually required amounts due to GASB 68.

- Deferred inflows of resources increase $157,183, which was the first year in which this was recorded. This change is due to the implementation of GASB 68.

During 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

Financial Highlights (continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $26,742 to ($936,166).

Financial Highlights (continued)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implantation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $54,550 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows and deferred outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $40,807. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$	1,049,965
Pension expense under GASB 68		(40,807)
2015 contractually required contribution		61,414
Adjusted 2015 program expenses		1,070,572
Total 2014 program expenses under GASB 27		1,083,050
Decrease in program expenses not related to pension	$	(12,478)

Using this Financial Report

This report consists of three parts, the required supplementary information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2015. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2015 and fiscal year 2014.

(Table 1)
Statement of Net Position

	2015	Restated 2014
Assets		
Current Assets	$ 107,280	$ 85,003
Capital Assets, Net	-	7,822
Total Assets	107,280	92,825
Deferred Outflow of Resources		
Pension System	69,596	54,550
Liabilities		
Current Liabilities	61,795	66,083
Long Term Liabilities	854,715	1,017,458
Total Liabilities	916,510	1,083,541
Deferred Inflow of Resources		
Pension System	157,183	-
Net Position		
Investment in Capital Assets	-	7,822
Unrestricted	(896,817)	(943,988)
Total Net Position	$ (896,817)	$ (936,166)

Total assets increased $14,455. This increase is primarily the result of the increase in state aid receivable. Deferred outflows of resources increased $15,046. Liabilities decreased by $167,031. This decrease is primarily the result of the decrease in net pension liability. Deferred inflows of resources increased $157,183. The changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68. The School operates under a management agreement with LS Toledo, LLC. Under the terms of the management agreement, LS Toledo, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2015 and fiscal year 2014, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2015	2014
Operating Revenue		
State Aid	$ 907,224	$ 920,378
Total Operating Revenue	907,224	920,378
Non-Operating Revenues		
Grants	128,673	155,033
Miscellaneous	53,332	2,289
Interest	85	74
Total Revenues	1,089,314	1,077,774
Operating Expense		
Management Fees	870,935	879,388
Mgmt Fee Contra - Pension Expense	(61,414)	-
Grant Programs	128,673	155,033
Pension Expense	40,807	-
Sponsorship Fees	13,599	12,779
Legal	23,605	12,909
Insurance	5,825	6,264
Auditing and Accounting	17,801	8,408
Depreciation	7,823	7,823
Board of Education	2,224	360
Miscellaneous	87	87
Total Expenses	1,049,965	1,083,051
Change in Net Position	$ 39,349	$ (5,277)

The School's revenue dropped due to a decrease in student enrollment (FTE) in 2015, resulting in less state aid revenue. The most significant expense, "Management fees" decreased due to the decrease in enrollment. "Grant programs" decreased due to the decrease in grant revenue. The management agreement in place provides that specific percentages of the revenues received by the School will be paid to LS Toledo, LLC to fund operations.

Capital Assets

At the end of fiscal year 2015, the School had fully depreciated their computers and software capital assets. Table 3 shows the respective balances for both fiscal years 2015 and 2014.

(Table 3)

Capital Assets (Net of Depreciation)

	2015	2014
Computer and Software	$ -	$ 7,822
Totals	$ -	$ 7,822

For more information on capital assets, see note 7 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Toledo received revenue for 89 students in 2015 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $10,194 in fiscal year 2015. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Toledo, 3320 West Market Street, Suite 300 Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Current assets		
Cash & cash equivalents	$	61,729
State aid receivable		41,948
Continuing fees receivable		890
Grant funding receivable		2,713
Total assets		107,280
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		69,596
LIABILITIES		
Current liabilities		
Accounts payable		8,722
Continuing fees payable		43,728
Grant funding payable		9,345
Total current liabilities		61,795
Long term liabilities		
Net pension liability		854,715
Total liabilities		916,510
DEFERRED INFLOWS OF RESOURCES		
Pension system		157,183
NET POSITION		
Unrestricted net position		(896,817)
Total net position	$	(896,817)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES		
State basic aid	$	893,740
Facilities aid		8,299
Casino revenue		5,185
Total operating revenues		907,224
OPERATING EXPENSES		
Management fees		870,935
Mgmt fee contra - pension funding		(61,414)
Grant programs		128,673
Sponsorship fees		13,599
Pension expense		40,807
Board of education		2,224
Legal		23,605
Accounting & auditing		17,801
Bank fees		87
Insurance: D&O & liability		5,825
Depreciation expense		7,823
Total operating expenses		1,049,965
Operating loss		(142,741)
NON-OPERATING REVENUE		
Grants		128,673
Miscellaneous revenue		53,332
Interest		85
Total non-operating revenue		182,090
Change in net position		39,349
Net position, June 30, 2014 (restated - see note 3)		(936,166)
Net position, June 30, 2015	$	(896,817)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	851,513
Cash payments to suppliers for goods and services		(1,054,164)
Net cash used for operating activities		(202,651)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		134,710
Cash received from miscellaneous revenue		53,332
Net cash received from noncapital financing activities		188,042
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		85
Net decrease in cash and cash equivalents		(14,524)
Cash and cash equivalents at beginning of year		76,253
Cash and cash equivalents at end of year	$	61,729
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(142,741)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation		7,823
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(890)
State aid receivable		(41,948)
Deferred outflows of resources		(15,046)
Accounts payable		8,722
Grants funding payable		(55,711)
Net pension liability		(162,744)
Deferred inflows of resources		157,183
Management fees payable		42,701
Total adjustments		(59,910)
Net cash used for operating activities	$	(202,651)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Toledo (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Toledo, LLC for most of its functions (see note 8).

The School signed a contract with Ohio Council of Community Schools (OCCS) (Sponsor) to operate for a period from July 1, 2010 through June 30, 2020. The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Toledo, LLC. The facility is staffed with teaching personnel employed by LS Toledo, LLC, who provide services to 89 students. The Board also operates the Alternative Education Academy, a distance-learning school serving the State of Ohio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in net position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2015. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account, a Certificate of Deposit and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2015, investments included deposits in the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2015.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program and casino tax distributions, which are reflected under "operating revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2015 school year totaled $1,035,897.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

At the end of fiscal year 2015, all capital assets had been fully depreciated. Depreciation is computed by the straight-line method over three years for “Computers and Software”.

Aside from those mentioned above, the School has no other capital assets, as the School operates under a management agreement with LS Toledo, LLC (see note 8).

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported. The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$26,742
Adjustments:	
Net Pension Liability	(1,017,458)
Deferred Outflow - Payments Subsequent to Measurement Date	54,550
Restated Net Position June 30, 2014	($936,166)

Other than employer contributions subsequent to the measurement date, the School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all School deposits was $27,307. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, none of the School's bank balance of $27,307 was exposed to custodial risk as discussed below, since all of the bank's balance was covered by the Federal Depository Insurance Corporation.

4. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits with Financial Institutions (continued)

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2015, the School had the following investments and maturities:

Investment type	Balance at Fair Value	Investment Maturity 6 months or less
STAROhio	$ 34,422	$ 34,422
	$ 34,422	$ 34,422

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2015:

Investment type	Fair Value	% to Total
STAROhio	$ 34,422	100.00
	$ 34,422	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $2,713 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2015.

Additionally, under the terms of the management agreement (see note 8), the School has recorded a liability to LS Toledo, LLC in the amount of $9,345 for 100 percent of any State and Federal monies uncollected or unpaid to LS Toledo, LLC as of June 30, 2015.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Toledo, LLC, LS Toledo, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $5,000,000 aggregate limit and a $10,000 deductible.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2015, the School's capital assets consisted of the following:

	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Capital Assets Being Depreciated:				
Computers and Software	$ 23,468	$ -	$ -	$ 23,468
Less Accumulated Depreciation:				
Computers and Software	(15,645)	(7,823)	-	(23,468)
Total Capital Assets Being Depreciated, Net	$ 7,823	$ (7,823)	$ -	$ -

8. AGREEMENT WITH LS TOLEDO, LLC

Effective May 8, 2009, the School entered into a revised management agreement (Agreement) with LS Toledo, LLC, which is an educational consulting and management company, which was amended on July 1, 2014. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive three (3) year terms unless one party notifies the other party on or before the February 1st prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Toledo, LLC. LS Toledo, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Toledo, LLC a monthly continuing fee of 96 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and LS Toledo, LLC shall receive 100 percent of any and all grants or funding of any kind generated by LS Toledo, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Toledo, LLC based on qualified gross revenues, after first paying the sponsor and any usual, customary, and/or historical expenses. In the event the school's qualified revenues are insufficient to cover said expenses a payable will offset the expense, and annually shall be forgiven, per the agreement.

8. AGREEMENT WITH LS TOLEDO, LLC (Continued)

The School had management fees (including grant programs) for the year ended June 30, 2015, to LS Toledo, LLC of $999,608 and payables to LS Toledo, LLC at June 30, 2015, aggregating $53,073. LS Toledo, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

Under Paragraph D(5) of the sponsor contract with OCCS, it states that the School "…shall pay to the Sponsor the amount of one and a half percent (1 1/2%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to the OCCS monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $13,599 in sponsorship fees to OCCS.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2015, LS Toledo, LLC and its affiliates incurred the following expenses on behalf of the School.

Expenses		**2015**
Direct Expenses:		
Salaries and wages	$	370,838
Employees' benefits		90,842
Professional and technical services		153,217
Property services		152,262
Travel		1,770
Communications		33,069
Utilities		28,106
Transportation		5,540
Books, periodicals, and films		1,563
Food and Related supplies		15,117
Other supplies		40,881
Other direct costs		38,361
Indirect Expenses:		
Overhead		313,882
Total Expenses	$	1,245,448

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description – School Employees Retirement System (SERS)(continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $10,965 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement System (STRS)

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Plan Description – State Teachers Retirement System (STRS)(continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Plan Description – State Teachers Retirement System (STRS)(continued)

percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $50,449 for fiscal year 2015. Of this amount $0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$41,550	$813,165	$854,715
Proportion of the Net Pension Liability	0.000821%	0.0033431%	
Pension Expense	$10,840	$29,967	$40,807

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$354	$7,828	$8,182
School District contributions subsequent to the measurement date	10,965	50,449	61,414
Total Deferred Outflows of Resources	$11,319	$58,277	$69,596
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$6,744	$150,439	$157,183
Total Deferred Inflows of Resources	$6,744	$150,439	$157,183

$61,414 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Fiscal Year Ending June 30:	SERS	STRS	Total
2016	($1,598)	($35,653)	($37,251)
2017	(1,598)	(35,653)	(37,251)
2018	(1,598)	(35,653)	(37,251)
2019	(1,596)	(35,652)	(37,248)
Total	($6,390)	($142,611)	($149,001)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

11. DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions – SERS (continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$59,280	$41,550	$26,638

11. DEFINED BENEFIT PENSION PLANS (Continued)

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

11. DEFINED BENEFIT PENSION PLANS (Continued)

F. Actuarial Assumptions – STRS (continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$1,164,134	$813,165	$516,363

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages. As of June 30, 2015, there were no members that elected Social Security.

12. POSTEMPLOYMENT BENEFITS

A. School Employment Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll

12. POSTEMPLOYMENT BENEFITS (continued)

A. School Employment Retirement System (continued)

was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge LS Toledo, LLC's contributions on behalf of the School assigned to health care for the years ended June 30, 2015, 2014, and 2013 was $196, $371, and $0, respectively.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ended June 30, 2015, 2014, and 2013 was $0, $3,757, and $3,170, respectively; 100 percent has been contributed for fiscal years 2015.

13. CONTINGENCIES

Grants

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

13. CONTINGENCIES (continued)

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

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

	2014	2013
School's Proportion of the Net Pension Liability	0.000821%	0.000821%
School's Proportionate Share of the Net Pension Liability	$ 41,550	$ 48,822
School's Covered-Employee Payroll	$ 84,574	$ 32,970
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	49.13%	148.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Toledo, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School's Proportion of the Net Pension Liability	0.0033431%	0.0033431%
School's Proportionate Share of the Net Pension Liability	$ 813,165	$ 968,637
School's Covered-Employee Payroll	$ 329,446	$ 243,854
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	246.83%	397.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Life Skills Center of Toledo, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 10,965	$ 11,722	$ 4,563	$ 6,160
Contributions in Relation to the Contractually Required Contribution	(10,965)	(11,722)	(4,563)	(6,160)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 83,194	$ 84,574	$ 32,970	$ 45,799
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

Life Skills Center of Toledo, Ohio
Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 6,546	$ 8,349	$ 9,807	$ 13,768	$ 15,842	$ 29,023
(6,546)	(8,349)	(9,807)	(13,768)	(15,842)	(29,023)
$ -	$ -	$ -	$ -	$ -	$ -
$ 52,076	$ 61,662	$ 99,665	$ 140,204	$ 148,333	$ 274,319
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Life Skills Center of Toledo, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$ 50,449	$ 42,828	$ 31,701	$ 47,219
Contributions in Relation to the Contractually Required Contribution	(50,449)	(42,828)	(31,701)	(47,219)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 360,350	$ 329,446	$ 243,854	$ 363,223
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

Life Skills Center of Toledo, Ohio
Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2011	2010	2009	2008	2007	2006
$ 62,177	$ 59,337	$ 60,815	$ 59,517	$ 54,971	$ 78,224
(62,177)	(59,337)	(60,815)	(59,517)	(54,971)	(78,224)
$ -	$ -	$ -	$ -	$ -	$ -
$ 478,285	$ 456,438	$ 467,808	$ 457,823	$ 422,854	$ 601,723
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 28, 2015

To the Board of Directors
Life Skills Center of Toledo
Lucas County, Ohio
1830 Adams Street
Toledo, Ohio 43624

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Toledo, Lucas County, Ohio (the "School") as of and for the year ended June 30, 2015, 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 28, 2015, in which we noted the School restated the June 30, 2014 net position to account for the implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*."

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Toledo
Lucas County, Ohio

Management Letter

June 30, 2015

Rea & associates a brighter way

December 28, 2015

To the Board of Directors and Management
Life Skills Center of Toledo
Lucas County, Ohio
1830 Adams Street
Toledo, Ohio 43624

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Toledo, Lucas County Ohio (the "School"), as of and for the year ended June 30, 2015, and have issued our report thereon dated December 28, 2015.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated December 28, 2015 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2015.

We are submitting for your consideration the following comments on the School's internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present significant deficiencies, we believe represent areas for which improvements in internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2016 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

Opportunities for Business Improvement

Electronic Funds Transfer

Per the Second Amendment to the Management Agreement, executed on July 1, 2014, the School shall pay first from the School's revenues usual, customary, and/or historical expenses, which must be reasonable, including but not limited to auditor's fees, attorney's fees, legal notice fees, insurance premiums, board stipends, and other miscellaneous fees such as membership dues, etc. In the event that School Revenues are insufficient to pay the monthly School Expenses the School's duly appointed Treasurer shall, after paying the Sponsor Fee, pay the School Expenses first before paying the Continuing Fee and shall enter upon the School's books a Continuing Fee Payable for any portion of the Continuing Fee that has not been paid by the School. Periodically in the discretion of the Treasurer, but no later than the end of the Fiscal Year, School Revenues shall be used to reduce to zero if possible the Continuing Fee Payable. At the end of each fiscal year, the balance of any Continuing Fee Payable incurred during the Fiscal Year shall be forgiven by operation of this Agreement. Furthermore, the Agreement states that the School shall cooperate with the Management Company to set up and establish the necessary accounts and procedures such that the School shall automatically transfer the funds received from the State when such funds are immediately available in the School's accounts.

During our review of the monthly process to reconcile and arrive at the Continue Fee balance, we noted the Agreement in place does not specifically state whether the financial transactions should be done using GAAP or Cash Basis of accounting. The contract also describes a process for payment which is in conflict with how the payment actually occurs. In addition, it was unclear as to how soon after month end this reconciliation should be performed. Finally, we noted that the funds transferred to the Management Company are being initiated by the Management Company as opposed to by the School Treasurer.

We recommend that all parties involved in the terms of the aforementioned Agreement review the details of the Agreement to determine if the applicable revenues and expenses used are determined on a GAAP or Cash Basis. This will help determine the timing as to when the reconciliations should be completed after the stated period end. We believe implementing these recommendations will more clearly identify a cut-off period in which it can be determined what "costs" need to be paid at a point in time during the year in order to properly determine the amounts left available to pay the Management Company, of which could result in any ending Continuing Fee payable at month or year-end. In addition, we recommend the Treasurer implement procedures in order to be the initiator of the funds transfer to the Management Company in accordance with the aforementioned Agreement.

Management Agreement Language

Per the Second Amendment to the Management Agreement, executed on July 1, 2014, the School shall distribute the revenue it receives as follows: (1) to the extent required by the Community School Contract, an amount equal to Three Percent (3%) of the total amount of payments for operating expenses that the school receives from the state pursuant to Section 3314.03(C) or 3314.029(B) of the Ohio Revised Code, as applicable, to the Sponsor (the "Sponsor Fee"); (2) an amount equal to ninety-four and 50/100 percent (94.5%) of the Qualified Gross Revenues to the Company as a management, consulting, and operation fee (the "Continuing Fee") (in the event that the Sponsor Fee is ever reduced for any reason, One Hundred Percent (100%) of any resulting increase in Qualified Gross Revenues shall be paid to the Company as additional Continuing Fees).

During the review of the Continuing Fee reconciliation, there have been differences in interpretation as to what percentage should be used based on the language in the Management Agreement (sponsor fee of 3%) versus the Community School Contract (i.e., sponsor) which states “1.5%” to determine the appropriate Continuing Fee to be paid. The difference in the percentage could result in the Management Company having been overpaid during fiscal year 2015 by an immaterial amount.

We recommend that the Board of Directors, Treasurer and Management Company review the agreements and come to a conclusion as to whether the Management Agreement was meant to read 1.5%, which at the time of the Agreement was the extent required by the Community School Contract (i.e., sponsor), or the 3% as stated.

Rea & associates a brighter way

Life Skills Center of Toledo
Lucas County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

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December 27, 2016

To the Board of Directors
Life Skills Center of Toledo
Lucas County, Ohio
1830 Adams Street
Toledo, Ohio 43624

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Life Skills Center of Toledo, Lucas County, Ohio, (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2016, and the changes in financial position and the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4–8, 29-30, and 31-34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Life Skills Center of Toledo's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, Net Position increased $6,128, which represents a 0.7 percent change from 2015. This increase is primarily due to a management fee reconciliation adjustment booked per the management agreement which allows the school to reduce management fee and continuing fee payable to ensure sufficient funds are available.

- Total assets increased by $12,066, which represents an 11.2 percent change from 2015. This increase is primarily the result of the increase in continuing fees receivable.

- Liabilities increased $47,750, which represents a 5.2 percent change from 2015. The increase is primarily the result of an increase in net pension liability.

- Deferred outflows of resources increased $25,291, which represents a 36.3 percent change from 2015. This change results from contractually required amounts due to GASB 68.

- Deferred inflows of resources decreased $16,521, which represents a 10.5 percent change from 2015. This change results from GASB 68.

During 2015, the School adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the

promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows. The School is also reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2016. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

Table 1 provides a summary of the School's Net Position for fiscal year 2016 and fiscal year 2015.

(Table 1)
Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 119,346	$ 107,280
Total Assets	119,346	107,280
Deferred Outflow of Resources		
Pension System	94,887	69,596
Liabilities		
Current Liabilities	67,063	61,795
Long Term Liabilities	897,197	854,715
Total Liabilities	964,260	916,510
Deferred Inflow of Resources		
Pension System	140,662	157,183
Net Position		
Unrestricted	(890,689)	(896,817)
Total Net Position	$ (890,689)	$ (896,817)

Total assets increased $12,066. This increase is primarily the result of the increase in continuing fees receivable. Deferred outflows of resources increased $25,291. Liabilities increased by $47,750. This increase is primarily the result of the increase in net pension liability. Deferred inflows of resources decreased $16,521. The changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68. The School operates under a management agreement with LS Toledo, LLC. Under the terms of the management agreement, LS Toledo, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2016 and fiscal year 2015, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2016	2015
Operating Revenue		
State Aid	$ 584,754	$ 907,224
Total Operating Revenue	584,754	907,224
Non-Operating Revenues		
Federal grants	113,341	128,673
State grants	5,009	-
Miscellaneous	29,328	53,332
Interest	149	85
Total Revenues	732,581	1,089,314
Operating Expense		
Purchased services: Management fees	561,365	870,935
Management fee - Reconciliation adjustment	(22,898)	-
Mgmt Fee Contra - Pension Expense	(47,400)	(61,414)
Purchased services: Federal grant programs	113,341	128,673
Purchased services: State grant programs	5,009	-
Pension	48,070	40,807
Sponsorship fees	9,339	13,599
Legal	34,201	23,605
Insurance: D&O & Liability	3,855	5,825
Auditing and accounting	20,936	17,801
Depreciation	-	7,823
Board of education	561	2,224
Bank Fees	74	87
Total Expenses	726,453	1,049,965
Change in Net Position	$ 6,128	$ 39,349

The School's revenue dropped due to a decrease in student enrollment (FTE) in 2016, resulting in less state aid revenue. The most significant expense, "Purchased services: management fees" decreased due to the decrease in enrollment. "Purchased services: grant programs" decreased due to the decrease in grant revenue. The management agreement in place provides that specific percentages of the revenues received by the School will be paid to LS Toledo, LLC to fund operations.

Capital Assets

The School had fully depreciated their computers and software capital assets in prior years.

For more information on capital assets, see note 7 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Toledo received revenue for 59 students in 2016 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $9,911 in fiscal year 2016. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Toledo, 3320 West Market Street, Suite 300 Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS		
Current assets		
Cash & cash equivalents	$	65,228
Continuing fees receivable		41,054
Prepaid insurance		746
Sponsor fee receivable		297
Grant funding receivable		12,021
Total assets		119,346
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		94,887
LIABILITIES		
Current liabilities		
Accounts payable		9,599
State aid payable		27,741
Federal grant funding payable		29,708
State grant funding payable		15
Total current liabilities		67,063
Long term liabilities		
Net pension liability		897,197
Total liabilities		964,260
DEFERRED INFLOWS OF RESOURCES		
Pension system		140,662
NET POSITION		
Unrestricted net position		(890,689)
Total net position	$	(890,689)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES		
State basic aid	$	572,196
Facilities aid		8,801
Graduation bonus		9
Casino revenue		3,748
Total operating revenues		584,754
OPERATING EXPENSES		
Purchased services: Management fees		561,365
Management fee - Reconciliation adjustment		(22,898)
Management fee contra - pension funding		(47,400)
Purchased services: Federal grant programs		113,341
Purchased services: State grant programs		5,009
Pension		48,070
Sponsorship fees		9,339
Board of education		561
Legal		34,201
Accounting & auditing		20,936
Bank fees		74
Insurance: D&O & liability		3,855
Total operating expenses		726,453
Operating loss		(141,699)
NON-OPERATING REVENUES		
Federal grants		113,341
State grants		5,009
Miscellaneous revenue		29,328
Interest		149
Total non-operating revenues		147,827
Change in net position		6,128
Net position, July 1, 2015		(896,817)
Net position, June 30, 2016	$	(890,689)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	605,117
Cash payments to suppliers for goods and services		(740,137)
Net cash used for operating activities		(135,020)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		109,042
Cash received from miscellaneous revenue		29,328
Net cash received from noncapital financing activities		138,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		149
Net increase in cash and cash equivalents		3,499
Cash and cash equivalents at beginning of year		61,729
Cash and cash equivalents at end of year	$	65,228
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(141,699)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		(40,164)
State aid receivable		41,948
Prepaid insurance		(746)
Sponsor fee receivable		(297)
Deferred outflows of resources		(25,291)
Accounts payable		877
State aid payable		27,741
Federal grants funding payable		20,363
State grants funding payable		15
Net pension liability		42,482
Deferred inflows of resources		(16,521)
Continuing fees payable		(43,728)
Total adjustments		6,679
Net cash used for operating activities	$	(135,020)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Toledo (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Toledo, LLC for most of its functions (see note 8).

The School signed a contract with Ohio Council of Community Schools (OCCS) (Sponsor) to operate for a period from July 1, 2010 through June 30, 2020. The School operates under a self-appointing, Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Toledo, LLC. The facility is staffed with teaching personnel employed by LS Toledo, LLC, who provide services to 59 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2016. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account, a Savings Deposit and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2016, investments included deposits in the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2016.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, facilities aid, graduation bonus and casino tax distributions, which are reflected under "State aid" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2016 school year totaled $703,104.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2016, the School had fully depreciated assets of $23,468 in computers and software.

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11)

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all School deposits was $41,857. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, none of the School's bank balance of $41,857 was exposed to custodial risk as discussed below, since all of the bank's balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2016, the School had the following investments and maturities:

Investment type	Measurement value	Investment Maturity 6 months or less
STAROhio	$ 23,371	$ 23,371
	$ 23,371	$ 23,371

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2016:

Investment type	Measurement Value	% to Total
STAROhio	$ 23,371	100.00
	$ 23,371	100.00

5. GRANTS FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grants funding receivable" in the amount of $12,021 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2016.

Additionally, under the terms of the management agreement (see note 8), the School has recorded a liability to LS Toledo, LLC in the amount of $29,723 for 100 percent of any State and Federal monies uncollected or unpaid to LS Toledo, LLC as of June 30, 2016.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Toledo, LLC, LS Toledo, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $5,000,000 aggregate limit and a $10,000 deductible.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2016, the School had $23,468 in computers and software that are fully depreciated.

8. AGREEMENT WITH LS TOLEDO, LLC

Effective May 8, 2009, the School entered into a revised management agreement (Agreement) with LS Toledo, LLC, which is an educational consulting and management company. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive five (5) year terms unless one party notifies the other party on or before the February 1st prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Toledo, LLC. LS Toledo, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Toledo, LLC a monthly continuing fee of 96 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and LS Toledo, LLC shall receive 100 percent of any and all grants (excluding Ed Jobs) or funding of any kind generated by LS Toledo, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Toledo, LLC based on the previous month's qualified gross revenues.

8. AGREEMENT WITH LS TOLEDO, LLC (continued)

The School had purchased service expenses for the year ended June 30, 2016, to LS Toledo, LLC of $679,715 of which $41,054 was a receivable and $29,723 was a payable due from LS Toledo, LLC at June 30, 2016. LS Toledo, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

Under Paragraph D(5) of the sponsor contract with OCCS, it states that the School "…shall pay to the Sponsor the amount of one and a half percent (1 1/2%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to the OCCS monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $9,339 in sponsorship fees to OCCS.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2016, LS Toledo, LLC and its affiliates incurred the following expenses on behalf of the School.

Expenses	**2016**
Direct Expenses:	
Salaries and wages	$ 358,551
Employees' benefits	78,365
Professional and technical services	213,537
Property services	146,399
Travel	5,176
Communications	71,382
Utilities	26,168
Transportation	2,450
Books, periodicals, and films	1,328
Food and Related supplies	22,735
Other supplies	58,677
Depreciation	1,800
Interest	188
Other direct costs	29,878
Indirect Expenses:	
Overhead	308,945
Total Expenses	$ 1,325,579

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description – School Employees Retirement System (SERS)(continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $5,460 for fiscal year 2016.

C. Plan Description – State Teachers Retirement System (STRS)

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Plan Description – State Teachers Retirement System (STRS)(continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Plan Description – State Teachers Retirement System (STRS)(continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $41,940 for fiscal year 2016.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$56,890	$840,307	$897,197
Proportion of the Net Pension Liability	0.000997%	0.0030405%	
Pension Expense	$12,066	$36,004	$48,070

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$860	$38,838	$39,698
Changes in proportion	7,789	0	7,789
School District contributions subsequent to the measurement date	5,460	41,940	47,400
Total Deferred Outflows of Resources	$14,109	$80,778	$94,887
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$800	$70,648	$71,448
Difference between School District contributions and proportionate share of contributions	0	69,214	69,214
Total Deferred Inflows of Resources	$800	$139,862	$140,662

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$47,400 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	$ (34,170)	$ 2,146	$ (32,024)
2018	(34,170)	2,146	(32,024)
2019	(34,167)	2,144	(32,023)
2020	1,486	1,413	2,899
	$ (101,024)	$ 7,849	$ (93,172)

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

11. DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions – SERS (continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

11. DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$78,886	$56,890	$38,367

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

11. DEFINED BENEFIT PENSION PLANS (Continued)

F. Actuarial Assumptions – STRS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$1,167,251	$840,307	$563,829

12. POSTEMPLOYMENT BENEFITS

A. School Employment Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of the employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School's contributions for health care (including surcharge) for fiscal year ending June 30, 2016, 2015, and 2014 was $40, $196, and $371, respectively.

B. State Teachers Retirement System

Plan Description – LS Toledo, LLC, on behalf of the School, contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

12. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System (continued)

The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ended June 30, 2016, 2015, and 2014 was $0, $0, and $3,757, respectively; 100 percent has been contributed for fiscal years 2016, 2015 and 2014.

13. CONTINGENCIES

Grants

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

Enrollment FTE

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 and 2015 Foundation funding for the school; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.000997%	0.000821%	0.000821%
School's Proportionate Share of the Net Pension Liability	$ 56,890	$ 41,550	$ 48,822
School's Covered-Employee Payroll	$ 83,194	$ 43,961	$ 32,970
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	68.38%	94.52%	148.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

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

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.003045%	0.003343%	0.003343%
School's Proportionate Share of the Net Pension Liability	$ 840,307	$ 813,165	$ 968,637
School's Covered-Employee Payroll	$ 360,350	$ 404,638	$ 243,854
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	233.19%	200.96%	397.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$ 5,460	$ 10,965	$ 6,093	$ 4,563
Contributions in Relation to the Contractually Required Contribution	(5,460)	(10,965)	(6,093)	(4,563)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 39,000	$ 83,194	$ 43,961	$ 32,970
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2012	2011	2010	2009	2008	2007
$ 6,160	$ 6,546	$ 8,349	$ 9,807	$ 13,768	$ 15,842
(6,160)	(6,546)	(8,349)	(9,807)	(13,768)	(15,842)
$ -	$ -	$ -	$ -	$ -	$ -
$ 45,799	$ 52,076	$ 61,662	$ 99,665	$ 140,204	$ 148,333
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

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

	2016	2015	2014	2013
Contractually Required Contribution	$ 41,940	$ 50,449	$ 52,603	$ 31,701
Contributions in Relation to the Contractually Required Contribution	(41,940)	(50,449)	(52,603)	(31,701)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 299,571	$ 360,350	$ 404,638	$ 243,854
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

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

2012	2011	2010	2009	2008	2007
$ 47,219	$ 62,177	$ 59,337	$ 60,815	$ 59,517	$ 54,971
(47,219)	(62,177)	(59,337)	(60,815)	(59,517)	(54,971)
$ -	$ -	$ -	$ -	$ -	$ -
$ 363,223	$ 478,285	$ 456,438	$ 467,808	$ 457,823	$ 422,854
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

December 27, 2016

To the Board of Directors
Life Skills Center of Toledo
Lucas County, Ohio
1830 Adams Street
Toledo, Ohio 43624

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Toledo, Lucas County, Ohio (the "School") as of and for the year ended June 30, 2016, 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 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kea & Associates, Inc.

Medina, Ohio

Life Skills Center of Toledo
Lucas County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

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January 19, 2018

To the Board of Directors
Life Skills Center of Toledo
Lucas County, Ohio
1830 Adams Street
Toledo, Ohio 43624

Independent Auditor's Report

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, the *Schedule of the School's Proportionate Share of the Net Pension Liability,* and *Schedule of School Contributions* on pages 4–8, 30-31, and 32-35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Kea & Associates, Inc.

Medina, Ohio

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LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The discussion and analysis of the Life Skills Center of Toledo's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School's 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

- In total, Net Position decreased $10,069, which represents a 1.1 percent change from 2016. This decrease is primarily due to the decrease in current assets, and an increase of net pension liability offset by a decrease in current liabilities.

- Total assets decreased by $39,006, which represents a 32.7 percent change from 2016. This decrease is primarily the result of the decrease in continuing fees receivable and grant funding receivable.

- Liabilities increased $119,031, which represents a 12.3 percent change from 2016. This decrease is primarily the result of the increase in net pension liability offset by a decrease in accounts payable, state aid payable and grant funding payable.

- Deferred outflows of resources increased $100,412, which represents a 105.8 percent change from 2016. This change results from contractually required amounts due to GASB 68.

- Deferred inflows of resources decreased $47,556, which represents a 33.8 percent change from 2016. This change represents the effects due from GASB 68.

During a prior year, the School adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

Financial Highlights (Continued)

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows. The School is also reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Using this Financial Report

This report consists of three parts, the Required Supplementary Information, the financial statements, and notes to the financial statements. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position answers the question of how well the School performed financially during 2017. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, both financial and capital and current and long-term, using the accrual basis of accounting, which is 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 expended.

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

(Table 1)
Statement of Net Position

	2017	2016
Assets		
Current Assets	$ 80,340	$ 119,346
Total Assets	80,340	119,346
Deferred Outflow of Resources		
Pension System	195,299	94,887
Liabilities		
Current Liabilities	27,342	67,063
Long Term Liabilities	1,055,949	897,197
Total Liabilities	1,083,291	964,260
Deferred Inflow of Resources		
Pension System	93,106	140,662
Net Position		
Unrestricted	(900,758)	(890,689)
Total Net Position	$ (900,758)	$ (890,689)

Total assets decreased $39,006. This decrease is primarily the result of the decrease in continuing fees receivable and grant funding receivable. Deferred outflows of resources increased $100,412. Liabilities increased by $119,031. This increase is primarily the result of the increase in net pension liability offset by a decrease in accounts payable, state aid payable and grant funding payable. Deferred inflows of resources decreased $47,556. The changes in deferred outflows and inflows of resources were impacted by the implementation of GASB 68. The School operates under a management agreement with LS Toledo, LLC. Under the terms of the management agreement, LS Toledo, LLC is paid a specific percentage of the state and federal revenues the School receives (see notes to the financial statements, note 8).

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in Net Position for fiscal year 2017 and fiscal year 2016, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Position

	2017	2016
Operating Revenue		
State Aid	$ 879,514	$ 584,754
Local grant income	614	-
Total Operating Revenue	880,128	584,754
Non-Operating Revenues		
Federal grants	64,035	113,341
State grants	343	5,009
Miscellaneous	18,830	29,328
Interest	305	149
Total Revenues	963,641	732,581
Operating Expense		
Purchased services: Management fees	845,113	561,365
Management fee - Reconciliation adjustment	(5,695)	(22,898)
Purchased services: Federal grant programs	64,035	113,341
Purchased services: State grant programs	343	5,009
Pension	10,784	670
Sponsorship fees	13,083	9,339
Legal	18,557	34,201
Insurance: D&O & Liability	4,165	3,855
Auditing and accounting	22,825	20,936
Board of education	480	561
Bank Fees	20	74
Total Expenses	973,710	726,453
Change in Net Position	$ (10,069)	$ 6,128

The School's revenue increased due to an increase in student enrollment (FTE) in 2017 from 59 to 86, resulting in more state aid revenue. The most significant expense, "Purchased services: management fees" increased due to the increase in enrollment. "Purchased services: federal grant programs" decreased due to the decrease in grant revenue. The management agreement in place provides that specific percentages of the revenues received by the School will be paid to LS Toledo, LLC to fund operations.

Capital Assets

For the year ending June 30, 2017 the School had fully depreciated their computers and software capital assets in prior years.

For more information on capital assets, see note 7 in the notes to the financial statements.

Current Financial Issues

The Life Skills Center of Toledo received revenue for 86 students in 2017 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from state aid. Per pupil revenue from state aid for the School averaged $10,234 in fiscal year 2017. The School receives additional revenues from grant subsidies.

Although there is a possibility that state aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (see notes to the financial statements, note 8).

Contacting the School's Financial Management

This financial report is designed to provide our readers 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 information, contact the Fiscal Officer for the Life Skills Center of Toledo, 3320 West Market Street, Suite 300 Fairlawn, Ohio 44333.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Current assets		
Cash & cash equivalents	$	61,819
Accounts receivable		83
Prepaid insurance		979
Sponsor fee receivable		297
Continuing fees receivable		15,397
Grant funding receivable		1,765
Total assets		80,340
DEFERRED OUTFLOWS OF RESOURCES		
Pension system		195,299
LIABILITIES		
Current liabilities		
Accounts payable		7,130
State aid payable		18,447
Grant funding payable		1,765
Total current liabilities		27,342
Long term liabilities		
Net pension liability		1,055,949
Total liabilities		1,083,291
DEFERRED INFLOWS OF RESOURCES		
Pension system		93,106
NET POSITION		
Unrestricted net position		(900,758)
Total net position	$	(900,758)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES		
State basic aid	$	858,389
Facilities aid		17,382
Local grant income		614
Casino revenue		3,743
Total operating revenues		880,128
OPERATING EXPENSES		
Purchased services: Management fees		845,113
Management fee - Reconciliation adjustment		(5,695)
Purchased services: Federal grant programs		64,035
Purchased services: State grant programs		343
Pension expense		10,784
Sponsorship fees		13,083
Board of education		480
Legal		18,557
Accounting & auditing		22,825
Bank fees		20
Insurance: D&O & liability		4,165
Total operating expenses		973,710
Operating loss		(93,582)
NON-OPERATING REVENUES		
Federal grants		64,035
State grants		343
Miscellaneous revenue		18,830
Interest		305
Total non-operating revenues		83,513
Change in net position		(10,069)
Net position, July 1, 2016		(890,689)
Net position, June 30, 2017	$	(900,758)

The accompanying notes to the financial statements are an integral part of this statement.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state aid	$	905,460
Cash payments to suppliers for goods and services		(1,002,647)
Net cash used for operating activities		(97,187)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from grant programs		74,643
Cash received from miscellaneous revenue		18,830
Net cash received from noncapital financing activities		93,473
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest		305
Net decrease in cash and cash equivalents		(3,409)
Cash and cash equivalents at beginning of year		65,228
Cash and cash equivalents at end of year	$	61,819
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(93,582)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Changes in assets, liabilities, and deferred outflows/inflows of resources:		
Continuing fees receivable		25,648
Accounts Receivable		(83)
Prepaid insurance		(233)
Deferred outflows of resources		(100,412)
Accounts payable		(2,469)
State aid payable		(9,294)
Federal grants funding payable		(27,943)
State grants funding payable		(15)
Net pension liability		158,752
Deferred inflows of resources		(47,556)
Total adjustments		(3,605)
Net cash used for operating activities	$	(97,187)

The accompanying notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Toledo (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any 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 contracts with LS Toledo, LLC for most of its functions (see note 8).

The School signed a contract with University of Toledo (UT Board) (Sponsor) to operate for a period from July 1, 2010 through June 30, 2020. The School operates under a self-appointing, Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by LS Toledo, LLC. The facility is staffed with teaching personnel employed by LS Toledo, LLC, who provide services to 87 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's 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 fund reporting focuses on the determination of the change in Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources as well as all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2017. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

D. Cash and Cash Equivalents

All cash received by the School is maintained in a demand deposit account, a Savings Deposit and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2017, 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 investments 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 their 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.

E. Intergovernmental Revenues

The School currently participates in the State Foundation Program, facilities aid, graduation bonus and casino tax distributions, which are reflected under "Operating Revenues" on the Statement of Revenues, Expenses, and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Revenues (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2017 school year totaled $943,892.

F. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $5,000.

As of June 30, 2017, the School had fully depreciated assets of $23,468 in computers and software.

G. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily state aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Pensions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of the financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applied to a future period and will not be recognized until that time. For the School, deferred inflows of resources include pension. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 11).

K. Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position consists of capital assets, net of accumulated depreciation, and unrestricted.

3. CHANGE IN ACCOUNTING PRINCIPLES

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

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

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB No. 78 did not have an effect on the financial statements of the Academy.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Academy.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School's fiscal year 2017 financial statements; however, there was no effect on beginning net position.

4. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all School deposits was $37,139. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, none of the School's bank balance of $37,139 was exposed to custodial risk as discussed below, since all of the bank's balance was covered by the Federal Depository Insurance Corporation.

B. Investments

As of June 30, 2017, the School had the following investments and maturities:

		Investment Maturity
Investment type	Measurement value	6 months or less
STAROhio	$ 24,680	$ 24,680
	$ 24,680	$ 24,680

The School categorized its fair value measurements within the 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 the School recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its net asset value (NAV). All other investments of the School are value using quoted market prices (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017, is 46 days and carries a rating of AAAm by S&P Global Ratings.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAm money market rating.

4. DEPOSITS AND INVESTMENTS (Continued)

B. 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 School, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School's investments in federal agency securities are exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the School's name. The School's investment policy does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2017:

Investment type	Measurement Value	% to Total
STAROhio	$ 24,680	100.00
	$ 24,680	100.00

5. GRANT FUNDING RECEIVABLE/PAYABLE

The School has recorded "Grant funding receivable" in the amount of $1,765 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2017.

Additionally, under the terms of the management agreement (see note 8), the School has recorded a liability to LS Toledo, LLC in the amount of $1,765 for 100 percent of any State and Federal monies uncollected or unpaid to LS Toledo, LLC as of June 30, 2017.

6. RISK MANAGEMENT

Property and Liability - 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. As part of its management agreement with LS Toledo, LLC, LS Toledo, LLC has contracted with an insurance company for property and general liability insurance pursuant to the management agreement (see note 8). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a $5,000,000 aggregate limit and a $10,000 deductible.

7. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2017, the School had fully depreciated assets of $23,468 related to computers and software.

8. AGREEMENT WITH LS TOLEDO, LLC

Effective May 8, 2009, the School entered into a revised management agreement (Agreement) with LS Toledo, LLC, which is an educational consulting and Management Company. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive five (5) year terms unless one party notifies the other party on or before the February 1st prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to LS Toledo, LLC. LS Toledo, LLC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay LS Toledo, LLC a monthly continuing fee of 96 percent of the School's "Qualified Gross Revenues", defined in the Agreement as, ...all revenues and income received by the School except for charitable contributions and LS Toledo, LLC shall receive 100 percent of any and all grants or funding of any kind generated by LS Toledo, LLC, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any. The continuing fee is paid to LS Toledo, LLC based on the previous month's qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2017, to LS Toledo, LLC of $903,796 of which $15,397 was a receivable from LS Toledo, LLC and $1,765 was payable to LS Toledo, LLC at June 30, 2017. A management fee reconciliation adjustment was recorded which represents the fee that was forgiven by the management company resulting from customary School expenses exceeding qualified School revenue. LS Toledo, LLC will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

9. SPONSORSHIP FEES

Under Paragraph D(4) of the sponsor contract with UT Board, it states that the School "…shall pay to the Sponsor the amount of one and a half percent (1 1/2%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to the UT Board monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Position, the School incurred $13,083 in sponsorship fees to UT Board.

10. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2017, LS Toledo, LLC and its affiliates incurred the following expenses on behalf of the School.

		Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Vocational Instruction (1300 Function Codes)	Support Services (2000 Function Codes)	Total
		1100	1200	1300	2000	
Direct Expenses:						
Salaries & Wages	100	$ 124,552	$ 39,741	$ -	$ 147,020	$ 311,313
Employee Benefits	200	31,570	10,073	-	37,266	78,909
Professional & Technical Services	410	59,154	54,396	23,391	69,826	206,767
Property Services	420	50,000	15,954	1,436	59,020	126,410
Utilities	450	8,204	2,618	236	9,683	20,741
Transportation	480	1,187	379	34	1,401	3,001
Supplies	500	23,264	7,471	3,347	27,461	61,543
All other Capital Outlay	650-690	949	303	27	1,121	2,400
Other Direct Costs	860	58,481	18,659	1,679	69,032	147,851
Indirect Expenses:						
Overhead		78,109	24,922	2,243	92,200	197,474
Total Expenses		**$ 435,470**	**$ 174,516**	**$ 32,393**	**$ 514,030**	**$ 1,156,409**

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. 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.

11. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

11. DEFINED BENEFIT PENSION PLANS (continued)

A. Net Pension Liability (continued)

Ohio Revised Code limits the School's obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which pensions are financed; however, the School does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in continuing fees payable on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

Plan Description – School non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description – School Employees Retirement System (SERS) (continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School's contractually required contribution to SERS was $4,575 for fiscal year 2017.

C. Plan Description – State Teachers Retirement System (STRS)

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Plan Description – State Teachers Retirement System (STRS)(continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent each year until it reaches 14 percent on July 1, 2017. For the fiscal year ended June 30, 2017, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $36,558 for fiscal year 2017.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School's employer allocation percentage of the net pension liability was based on the School's share of contributions to the pension plan relative to the total employer contributions of all participating entities. Following is information related to the proportionate share and pension expense:

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 98,749	$ 957,200	$ 1,055,949
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00134920%	0.00285962%	
Prior Measurement Date	0.00099700%	0.00304051%	
Change in Proportionate Share	0.00035220%	(0.00018089%)	
Pension Expense	$ 19,149	$ 32,768	$ 51,917

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 38,675	$ 1,331	$ 40,006
Net difference between projected and actual earnings on pension plan investments	79,473	8,147	87,620
Changes of assumptions	-	6,591	6,591
Changes in proportion and differences between School contributions and proportionate share of contributions	-	19,949	19,949
School contributions subsequent to the measurement date	36,558	4,575	41,133
Total Deferred Outflows of Resources	$ 154,706	$ 40,593	$ 195,299
Deferred Inflows of Resources			
Difference between School contributions and proportionate share of contributions	$ 93,106	$ -	$ 93,106
Total Deferred Inflows of Resources	$ 93,106	$ -	$ 93,106

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$41,133 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$ (8,896)	$ 11,894	$ 2,998
2019	(8,897)	11,889	2,992
2020	21,600	9,893	31,493
2021	21,235	2,342	23,577
	$ 25,042	$ 36,018	$ 61,060

E. Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

11. DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions – SERS (continued)

Mortality rates among active members were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the June 30, 2016 actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

11. DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School proportionate share of the net pension liability	$130,738	$98,749	$71,973

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

11. DEFINED BENEFIT PENSION PLANS (Continued)

F. Actuarial Assumptions – STRS (continued)

*10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School's proportionate share of the net pension liability as of June 30, 2016, calculated using the current period discount rate assumption of 7.75 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School proportionate share of the net pension liability	$1,272,042	$957,200	$691,614

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School's net pension liability is expected to be significant.

12. POSTEMPLOYMENT BENEFITS

A. School Employment Retirement System (SERS)

Health Care Plan Description – On behalf of the School, LS Toledo, LLC contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School's surcharge obligation was $706.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School's contributions for health care for the fiscal year ended June 30, 2015, was $196. The full amount has been contributed for fiscal year 2015.

B. State Teachers Retirement System (STRS)

Plan Description – The School participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

12. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System (STRS) (continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the School did not contribute to health care in the last three fiscal years.

13. CONTINGENCIES

A. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

B. Enrollment FTE

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE has not performed such a review on the School for fiscal year 2017.

As of the date of this report, all ODE adjustments through fiscal year 2017 have been completed.

In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2017 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

C. Litigation

The School is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
School's Proportion of the Net Pension Liability	0.00134920%	0.00099700%	0.00082100%	0.00082100%
School's Proportionate Share of the Net Pension Liability	$ 98,749	$ 56,890	$ 41,550	$ 48,822
School's Covered Payroll	$ 39,000	$ 83,194	$ 43,961	$ 32,970
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	253.20%	68.38%	94.52%	148.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:
School Employees Retirement System (SERS)
Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
School's Proportion of the Net Pension Liability	0.00285962%	0.00304051%	0.00334313%	0.00334313%
School's Proportionate Share of the Net Pension Liability	$ 957,200	$ 840,308	$ 813,165	$ 968,637
School's Covered-Employee Payroll	$ 299,571	$ 360,350	$ 404,638	$ 243,854
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	319.52%	233.19%	200.96%	397.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 4,575	$ 5,460	$ 10,965	$ 6,093
Contributions in Relation to the Contractually Required Contribution	(4,575)	(5,460)	(10,965)	(6,093)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 32,679	$ 39,000	$ 83,194	$ 43,961
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

Required Supplementary Information
Schedule of School Contributions
School Employee Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 4,563	$ 6,160	$ 6,546	$ 8,349	$ 9,807	$ 13,768
(4,563)	(6,160)	(6,546)	(8,349)	(9,807)	(13,768)
$ -	$ -	$ -	$ -	$ -	$ -
$ 32,970	$ 45,799	$ 52,076	$ 61,662	$ 99,665	$ 140,204
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 36,558	$ 41,940	$ 50,449	$ 52,603
Contributions in Relation to the Contractually Required Contribution	(36,558)	(41,940)	(50,449)	(52,603)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School Covered-Employee Payroll	$ 261,129	$ 299,571	$ 360,350	$ 404,638
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

LIFE SKILLS CENTER OF TOLEDO
LUCAS COUNTY

Required Supplementary Information
Schedule of School Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

2013	2012	2011	2010	2009	2008
$ 31,701	$ 47,219	$ 62,177	$ 59,337	$ 60,815	$ 59,517
(31,701)	(47,219)	(62,177)	(59,337)	(60,815)	(59,517)
$ -	$ -	$ -	$ -	$ -	$ -
$ 243,854	$ 363,223	$ 478,285	$ 456,438	$ 467,808	$ 457,823
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

January 19, 2018

To the Board of Directors
Life Skills Center of Toledo
Lucas County, Ohio
1830 Adams Street
Toledo, Ohio 43624

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Life Skills Center of Toledo, Lucas County, Ohio (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kea & Associates, Inc.

Medina, Ohio

Rea & associates a brighter way

Life Skills Center of Toledo
Lucas County, Ohio

Management Letter

June 30, 2017

Rea & associates a brighter way

January 19, 2018

To the Board of Directors, Sponsor and Management
Life Skills Center of Toledo
Lucas County, Ohio
1830 Adams Street
Toledo, Ohio 43624

Independent Auditor's Management Letter

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Life Skills Center of Toledo, Lucas County Ohio (the "School"), as of and for the year ended June 30, 2017, and have issued our report thereon dated January 19, 2018.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in the internal controls. We have issued a report dated January 19, 2018 on compliance and internal control over financial reporting required by *Government Auditing Standards* as of and for the year ended June 30, 2017.

We are submitting for your consideration the following comments on the School's compliance with applicable laws and regulations and on its internal controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. These comments reflect matters that, while in our opinion do not present material instances of noncompliance or significant deficiencies, we believe represent areas for which improvements in compliance or internal controls or operations efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below; however, these comments reflect our continuing desire to assist your government. The status of these comments should be reviewed during the 2018 audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions or concerns regarding this comment please do not hesitate to contact us.

This report is intended solely for the information and use of the Board of Directors, Sponsor and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Medina, Ohio

COMPLIANCE CITATIONS

We have performed procedures to test the School's compliance with provisions of laws and regulations as identified in the Auditor of State's *Ohio Compliance Supplement*, for the period of July 1, 2016, to June 30, 2017. Immaterial citations noted during compliance testing are as follows:

Ohio Rev. Code Section 117.38 states that GAAP financial reports be filed with the Auditor of State within 150 days of fiscal year end.

The School's 2017 report was not filed within the 150 day deadline. We recommend filing the School's GAAP financial reports with the Auditor of State's LGS Division office within the 150 day deadline.