

United Schools Network, Inc.

Financial Statements

June 30, 2019 and 2018

(with Independent Accountants' Review Report)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
United Schools Network, Inc.
Columbus, Ohio

Report on the Financial Statements

We have reviewed the accompanying financial statements of United Schools Network, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2018 Financial Statements

The 2018 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated July 8, 2019. We have not performed any auditing procedures since that date.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
May 13, 2020

United Schools Network, Inc.
 Statements of Financial Position
 June 30, 2019 (Reviewed) and 2018 (Audited)

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|----------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 358,591 | 494,612 |
| Grants, contributions and other receivables, current portion | 230,837 | 355,875 |
| Prepaid expenses | 1,100 | 1,050 |
| Note receivable | <u>-</u> | <u>75,000</u> |
| | <u>590,528</u> | <u>926,537</u> |
| Property and equipment: | | |
| Computer equipment | 59,259 | 41,797 |
| Office furniture | <u>18,335</u> | <u>18,335</u> |
| | 77,594 | 60,132 |
| Less accumulated depreciation | <u>54,222</u> | <u>40,150</u> |
| | <u>23,372</u> | <u>19,982</u> |
| Other assets: | | |
| Grants, contributions and other receivables, less current portion | <u>10,000</u> | <u>40,000</u> |
| | <u>\$ 623,900</u> | <u>986,519</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 18,572 | 13,956 |
| Accrued liabilities | <u>992</u> | <u>2,500</u> |
| | <u>19,564</u> | <u>16,456</u> |
| Net assets: | | |
| Without donor restrictions | 397,999 | 597,016 |
| With donor restrictions | <u>206,337</u> | <u>373,047</u> |
| | <u>604,336</u> | <u>970,063</u> |
| | <u>\$ 623,900</u> | <u>986,519</u> |

See accompanying notes to the financial statements.
 See independent accountants' review report.

United Schools Network, Inc.
Statement of Activities
Year Ended June 30, 2019 (Reviewed)

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--------------------------------------|---------------------------------------|------------------------------------|-----------------------|
| Revenues and support: | | | |
| Management services | \$ 699,058 | - | 699,058 |
| Contributions | 1,096,221 | - | 1,096,221 |
| Workshop fees | 87,510 | - | 87,510 |
| Net assets released from restriction | <u>166,710</u> | <u>(166,710)</u> | <u>-</u> |
| Total revenues and support | <u>2,049,499</u> | <u>(166,710)</u> | <u>1,882,789</u> |
| Expenses: | | | |
| Program | 1,750,378 | - | 1,750,378 |
| Fundraising | 288,481 | - | 288,481 |
| Administrative | <u>209,657</u> | <u>-</u> | <u>209,657</u> |
| Total expenses | <u>2,248,516</u> | <u>-</u> | <u>2,248,516</u> |
| Change in net assets | (199,017) | (166,710) | (365,727) |
| Net assets - beginning of year | <u>597,016</u> | <u>373,047</u> | <u>970,063</u> |
| Net assets - end of year | \$ <u><u>397,999</u></u> | <u><u>206,337</u></u> | <u><u>604,336</u></u> |

See accompanying notes to the financial statements.
See independent accountants' review report.

United Schools Network, Inc.
Statement of Activities
Year Ended June 30, 2018 (Audited)

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--------------------------------------|---------------------------------------|------------------------------------|-----------------------|
| Revenues and support: | | | |
| Management services | \$ 615,236 | - | 615,236 |
| Contributions | 561,123 | 159,262 | 720,385 |
| Other | 24,448 | - | 24,448 |
| Net assets released from restriction | <u>574,197</u> | <u>(574,197)</u> | <u>-</u> |
| Total revenues and support | <u>1,775,004</u> | <u>(414,935)</u> | <u>1,360,069</u> |
| Expenses: | | | |
| Program | 1,236,236 | - | 1,236,236 |
| Fundraising | 171,041 | - | 171,041 |
| Administrative | <u>251,301</u> | <u>-</u> | <u>251,301</u> |
| Total expenses | <u>1,658,578</u> | <u>-</u> | <u>1,658,578</u> |
| Change in net assets | 116,426 | (414,935) | (298,509) |
| Net assets - beginning of year | <u>480,590</u> | <u>787,982</u> | <u>1,268,572</u> |
| Net assets - end of year | \$ <u><u>597,016</u></u> | <u><u>373,047</u></u> | <u><u>970,063</u></u> |

See accompanying notes to the financial statements.
See independent accountants' review report.

United Schools Network, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019 (Reviewed)

| | Support Services | | | |
|--------------------------------|------------------|-------------|----------------|-----------|
| | Program | Fundraising | Administrative | Total |
| Payroll, taxes and benefits \$ | 632,929 | 217,262 | 129,172 | 979,363 |
| Purchased services | 148,491 | 62,173 | 37,642 | 248,306 |
| Operations supplies | 13,815 | 6,705 | 8,461 | 28,981 |
| Other | 334 | 2,341 | 20,310 | 22,985 |
| Depreciation | - | - | 14,072 | 14,072 |
| School support | 954,809 | - | - | 954,809 |
| | \$ 1,750,378 | 288,481 | 209,657 | 2,248,516 |

See accompanying notes to the financial statements.
See independent accountants' review report.

United Schools Network, Inc.
 Statements of Cash Flows
 Years Ended June 30, 2019 (Reviewed) and 2018 (Audited)

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|-----------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (365,727) | (298,509) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 14,072 | 12,374 |
| Loss on disposal of assets | - | 11,444 |
| Effects of changes in operating assets and liabilities: | | |
| Grants, contributions and other receivables | 155,038 | (51,277) |
| Prepaid expenses | (50) | (50) |
| Accounts payable | 4,616 | (15,624) |
| Accrued liabilities | <u>(1,508)</u> | <u>2,500</u> |
| Net cash flows from operating activities | <u>(193,559)</u> | <u>(339,142)</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (17,462) | (967) |
| Note receivable collection (disbursement) | <u>75,000</u> | <u>(75,000)</u> |
| Net cash flows from investing activities | <u>57,538</u> | <u>(75,967)</u> |
| Change in cash | (136,021) | (415,109) |
| Cash - beginning of year | <u>494,612</u> | <u>909,721</u> |
| Cash - end of year | \$ <u><u>358,591</u></u> | <u><u>494,612</u></u> |

See accompanying notes to the financial statements.
 See independent accountants' review report.

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES:

The following accounting principles and practices of United Schools Network, Inc. (the Network) are set forth to facilitate the understanding of the data presented in the financial statements:

Nature of activities

United Schools Network, Inc. is a management organization created to assist central Ohio charter schools in addressing the needs of students in grades kindergarten through eighth. Its mission is to transform lives and communities through the power of education. The Network provides services such as education program management, school operations management, and overall financial management. The Network is funded through contributions and fees charged for management services.

Basis of accounting

The accompanying financial statements of the Network have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Adoption of new accounting standard

During 2019, the Network adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about investment return and functional expenses, including allocation methodologies and presentation of a statement of functional expenses as part of the basic financial statements. As permitted by the standard, the Network has elected not to present a statement of functional expenses for the year ended June 30, 2018. The Network has adjusted the presentation of these financial statements accordingly.

Basis of presentation

The financial statements of the Network have been prepared in accordance with generally accepted accounting principles, which requires the Network to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Network. These net assets may be used at the discretion of the Network's management and governing board.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Network or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Network had no donor restricted funds to be maintained in perpetuity at June 30, 2019 or 2018.

Grants, contributions and other receivables

Receivables consist primarily of contributions due from donors. Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense in the statements of activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the financial statements. No valuation allowance was considered necessary by management related to accounts receivable at June 30, 2019 or 2018.

Property, equipment and depreciation

Property and equipment is carried at cost or, if donated, at the approximate fair value at the time of donation. Acquisitions of property and equipment in excess of \$500 and expenditures for repairs and maintenance and betterments that materially prolong the useful lives of assets are considered for capitalization. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which is typically three to five years.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

Functional expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. The Network allocates its expenses on a functional basis among its various programs and support services based on the relative time spent by the employee. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income tax status

The Network is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), except for income derived from unrelated business activities, as defined in the Code. In addition, the Network qualifies for the charitable deduction under Section 170(b)(1)(A).

Subsequent events

The Network evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 13, 2020 the date the financial statements were available to be issued.

2. CONCENTRATION OF RISK IN EXCESS OF FEDERALLY INSURED LIMITS:

The Network maintains its cash balance at a financial institution located in Columbus, Ohio. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2019 and 2018. The Network has not experienced any losses in this account and believes it is not exposed to any significant credit risk on cash.

3. CONCENTRATIONS:

During the year ended June 30, 2019, the Network received approximately 65% of its total revenue and support from three related sources and two unrelated sources. During the year ended June 30, 2018, the Network received approximately 61% of its total revenue and support from three related sources and one unrelated source.

At June 30, 2019 and 2018, approximately 67% and 83% of the Network's total grants, contributions and other receivables were due from one and two sources, respectively.

4. RELATED-PARTY TRANSACTIONS:

At June 30, 2019 and 2018, \$10,803 and \$59,838, respectively, of the Network's grants, contributions and other receivables were due from related parties.

At June 30, 2019, \$15,206 of the Network's accounts payables were due to related parties. There were no accounts payables due to related parties at June 30, 2018.

During 2018, the Network signed a \$75,000 note receivable from a related-party. The note had no stated interest rate or due date but was callable on demand. The note was repaid in full during 2019.

5. CONTRIBUTIONS RECEIVABLE:

Grants, contributions and other receivables at June 30, 2019 and 2018 consisted of the following:

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|--------------------|
| Receivables due in less than one year | \$ 230,837 | 355,875 |
| Receivables due in one to five years | <u>10,000</u> | <u>40,000</u> |
| Total grants, contributions and other receivables | \$ <u>240,837</u> | <u>395,875</u> |

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions at June 30, 2019 and 2018 consisted of the following:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|-----------------------|--------------------|
| Restricted for future periods | \$ 41,421 | 71,421 |
| Launch Bash | 94,928 | 94,928 |
| Capital campaign | 69,988 | 69,988 |
| School Performance Institute | - | 83,086 |
| Brain Boosters | - | 33,624 |
| STEAM program | <u>-</u> | <u>20,000</u> |
| | \$ <u>206,337</u> | <u>373,047</u> |

7. DEFINED BENEFIT PLAN:

School Employees Retirement System

Plan description - The Network contributes to the School Employees Retirement System of Ohio (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:

| Benefits | Eligible to Retire on or before August 1, 2017* | Eligible to Retire on or after August 1, 2017 |
|------------------------------|--|--|
| Full Benefits | Age 65 with 5 years of service credit; or 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% for the first 30 years of service and 2.5% 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% of their annual covered salary and the Network is required to contribute 14% 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% for plan members and 14% 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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the 14% employer contribution rate was allocated to the Health Care Fund.

For each of the fiscal years ended June 30, 2019 and 2018, the allocation to pension, death benefits, and Medicare B was 14%. The Network's required contribution for pension obligation to SERS for the fiscal years ended June 30, 2019 and 2018 was \$44,576 and \$42,116, respectively. The entire amount was contributed for fiscal years 2019 and 2018.

State Teachers Retirement System

Plan description - The Network contributes to the State Teachers Retirement System of Ohio (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% 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 5 years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% 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% of the 14%-member rate goes to the DC Plan and 2% goes the DB Plan. Member contributions to the DC Plan 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 5 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 Statement No. 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. For the fiscal years ended June 30, 2019 and 2018, plan members were required to contribute 14% of their annual covered salary. The Network was required to contribute 14%; the entire 14% was the portion used to fund pension obligations.

The fiscal years 2019 and 2018 contribution rates were equal to the statutory maximum rates. The Network's contractually required contribution to STRS was \$58,410 and \$52,928 for fiscal years 2019 and 2018, respectively. The entire amount was contributed for fiscal years 2019 and 2018.

8. POSTEMPLOYMENT BENEFITS:

School Employees Retirement System

Health care plan description – The Network contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, 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 pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal years 2019 and 2018, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal years 2019 and 2018, the minimum compensation amount was \$21,600 and \$23,700, respectively. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, added to the 0.5% allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Network’s contractually required contribution to SERS was \$1,651 and \$1,504 for fiscal years 2019 and 2018, respectively.

State Teachers Retirement System

Plan description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020.

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 to offer the Plan and gives the Retirement Board discretionary 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal years ended June 30, 2019 and 2018, STRS did not allocate any employer contributions to post-employment health care.

9. LIQUIDITY DISCLOSURES:

The Network is substantially supported by contributions, some of which come with donor restrictions. As a donor’s restriction requires resources to be used in a particular manner or in a future period, the Network must maintain sufficient resources to meet those requirements to its donors. Therefore, financial assets may not be available for general expenditures within one year. As part of the Network’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30, 2019 and 2018:

| Financial assets: | <u>2019</u> | <u>2018</u> |
|--|-------------------|----------------|
| Cash | \$ 358,591 | 494,612 |
| Grants, contributions and other receivables | <u>240,837</u> | <u>395,875</u> |
| Financial assets at year-end | 599,428 | 890,487 |
| Less assets unavailable for general expenditures: | | |
| Restricted by donor due to time or purpose | <u>206,337</u> | <u>373,047</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u>393,091</u> | <u>517,440</u> |

See independent accountants’ review report.

10. SUBSEQUENT EVENT:

Subsequent to the date of the financial statements, an outbreak of a novel strain of coronavirus (COVID-19) has caused economic uncertainties for many industries. The extent of the impact of COVID-19 on the Network's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. Impact on donors, customers, employees and vendors are difficult to predict at this time.

