



**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2008**



**Mary Taylor, CPA**  
Auditor of State



YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Youngstown Academy of Excellence  
Mahoning County  
1408 Rigby Street  
Youngstown, Ohio 44506

To the Board of Directors:

We have audited the accompanying basic financial statements of the Youngstown Academy of Excellence, Mahoning County, Ohio (the Academy), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngstown Academy of Excellence, Mahoning County, Ohio, as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. As discussed in Note 17 to the financial statements, the Academy's deficit net assets (\$561,866) and operating loss (\$676,572) raise substantial doubt about its ability to continue as a going concern. Note 17 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2009, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

February 6, 2009

**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED**

The discussion and analysis of the Youngstown Academy of Excellence (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the financial statements and notes to the financial statements to enhance their understanding of the Academy's financial performance.

**Highlights**

The Academy finished its third year of operation during fiscal year 2008 serving grades kindergarten through eighth grade. Enrollment varied during the year but averaged 159 students.

Key highlights for fiscal year 2008 are as follows:

- Net assets decreased \$280,764 as compared to a decrease of \$110,437 for the prior fiscal year.
- Operating expenses accounted for \$1,996,619 of the total expenses of \$2,039,485
- Operating revenues accounted for \$1,320,047 of the Academy's total funding of \$1,758,721.
- The Academy had an operating loss of \$676,572 and \$438,674 of the operating loss was alleviated by non-operating federal and state grants. The Academy was able to utilize majority of the federal grant allocations for fiscal year 2008.

**Overview of the Financial Statements**

The financial report consists of three parts – management's discussion and analysis, the basic financial statements, and the notes to the financial statements. These statements are organized so the reader can understand the financial position of the Academy. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of net assets represents the statement of position of the Academy. The statement of revenues, expenses, and changes in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The statement of cash flows reflects how the Academy finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

**Financial Analysis of the Academy as a Whole**

The Academy is not required to present government-wide financial statements as the Academy is engaged in only business-type activities. Therefore, no condensed financial information derived from governmental-wide financial statements is included in the discussion and analysis.

The following tables represent a summary the Academy's condensed financial information for 2008 derived from the statement of net assets and the statement of revenues, expenses and change in net assets.

**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

Table 1 provides a summary of the Academy's nets assets for 2008 as compared to 2007:

Table 1  
Net Assets

	<u>2008</u>	<u>2007</u>	<u>Change</u>
<b>Assets:</b>			
Current Assets	\$ 170,029	\$ 179,758	\$ (9,729)
Capital Assets	<u>116,820</u>	<u>139,903</u>	<u>(23,083)</u>
Total Assets	<u>286,849</u>	<u>319,661</u>	<u>(32,812)</u>
<b>Liabilities:</b>			
Current Liabilities	848,715	553,920	(294,795)
Long-term Liabilities	<u>-</u>	<u>46,843</u>	<u>46,843</u>
Total Liabilities	<u>848,715</u>	<u>600,763</u>	<u>(247,952)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	69,977	34,421	35,556
Restricted for Other Purposes	189	53	136
Unrestricted	<u>(632,032)</u>	<u>(315,576)</u>	<u>(316,456)</u>
Total Net Assets	<u>\$ (561,866)</u>	<u>\$ (281,102)</u>	<u>\$ (280,764)</u>

Results of fiscal year 2008 indicate an ending net asset balance of (\$561,866), a decrease of \$280,764 over fiscal year 2007. The decrease is the result of below breakeven enrollment in the Academy's third year of operations. We anticipate that the Academy will have another decrease in net assets for fiscal year 2009. The goal is to grow enrollment to be closer to the capacity of the facility at which point the school would generate surpluses on an annual basis sufficient to eliminate accumulated deficits. The initial losses are typical for a new Academy which may not typically achieve positive net assets until the third or fourth year of operations due to significant start-up costs.



**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets for the fiscal year 2008 as compared to 2007:

Table 2  
Change in Net Assets

	<u>2008</u>	<u>2007</u>	<u>Change</u>
<b>Operating Revenues:</b>			
Community School Foundation	\$ 1,318,566	\$ 1,592,697	\$ (274,131)
Charge for Services	-	533	(533)
Miscellaneous	1,481	21,568	(20,087)
<b>Total Operating Revenues</b>	<u>1,320,047</u>	<u>1,614,798</u>	<u>(294,751)</u>
<b>Operating Expenses:</b>			
Building	297,470	291,783	5,687
Purchased Services	1,512,077	1,590,430	(78,353)
Depreciation	23,083	23,083	-
General Supplies	147,662	212,186	(64,524)
Other Operating Expenses	16,327	17,013	(686)
<b>Total Operating Expenses</b>	<u>1,996,619</u>	<u>2,134,495</u>	<u>(137,876)</u>
<b>Operating Loss</b>	<u>(676,572)</u>	<u>(519,697)</u>	<u>(156,875)</u>
<b>Nonoperating Revenues and Expenses:</b>			
Federal and State Restricted Grants	438,674	428,530	10,144
Interest Expense	(42,866)	(19,270)	(23,596)
<b>Net Nonoperating Revenues and Expenses</b>	<u>395,808</u>	<u>409,260</u>	<u>(13,452)</u>
<b>Change in Net Assets</b>	(280,764)	(110,437)	(170,327)
<b>Net Assets (Deficit) Beginning of Year</b>	<u>(281,102)</u>	<u>(170,665)</u>	<u>(110,437)</u>
<b>Net Assets (Deficit) End of Year</b>	<u>\$ (561,866)</u>	<u>\$ (281,102)</u>	<u>\$ (280,764)</u>

At the onset of planning for the opening of the Academy, management and the board carefully calculated the costs and risks associated with offering a high quality educational program that would be competitive with the educational programs available at the traditional public schools and weighed those costs and risks against the enhanced educational opportunities that would be available to students. Based on that analysis, the board and its management made the decision to make an investment in the future of the children of this community, not based on a plan that was expected to generate large economic profits, but rather on a plan that is economically sustainable and that would generate dividends to the community in the form of enhanced opportunities for children and families. Resources for the necessary programs came from delaying payment on invoices from the Academy's management company for certain rent, management services, other operating expenses and invoices for payroll of Academy staff.

**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**Budget**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided by the Academy's contract with its sponsor. The contract between the Academy and its sponsor, St. Aloysius Orphanage, does not prescribe a budgetary process for the Academy.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of FY 2008, the Academy had \$116,820 invested in capital assets (net of accumulated depreciation) for computer and other equipment, a decrease of \$23,083 or 16.50 percent. The following table shows fiscal year 2008 compared to 2007:

	2008	2007	Change
Furniture & Equipment	\$63,850	\$67,671	(\$3,821)
Computer Technology	52,970	72,232	(19,262)
Net Capital Assets	\$116,820	\$139,903	(\$23,083)

The decrease primarily represents the depreciation expense for the year on the computer and other equipment. There were no asset acquisitions or disposals during the year. For further information regarding the Academy's capital assets, refer to Note 6 of the basic financial statements.

**Debt**

At June 30, 2008, the Academy had \$46,843 of capital lease obligations for furniture and technology outstanding. This entire amount is due within one year. The following outstanding table summarized the Academy's debt outstanding as of June 30, 2008.

Outstanding Debt, at Year End

	2008	2007	Change
Capital Lease - Furniture	\$18,901	\$44,521	(\$25,620)
Capital Lease - Computers	27,942	60,961	(33,019)
Total	\$46,843	\$105,482	(\$58,639)

For further information regarding the Academy's debt, refer to Note 13 to the basic financial statements.

**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**Economic Factors**

Management is not currently aware of any facts, decisions or conditions that have occurred that are expected to have a significant effect on the financial position or results of operations.

**Operations**

Youngstown Academy of Excellence is a public school established pursuant to Ohio Revised Code Chapter 3314. The Academy offers education for Ohio children in grades K-8. The Academy is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may lease or acquire facilities as needed and contract for any services necessary for the operation of the Academy.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions concerning this report, please contact Robert Schirhart, Treasurer for Youngstown Academy of Excellence, 3333 Chippewa Drive, Columbus, Ohio 43204.

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**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2008**

**Assets:**

***Current assets:***

Cash and Cash Equivalents	\$ 9,559
Intergovernmental Receivable	141,803
Prepaid Expense	<u>18,667</u>
<b>Total current assets</b>	<b><u>170,029</u></b>

***Noncurrent assets:***

Capital Assets, net of Accumulated Depreciation	<u>116,820</u>
<b>Total assets</b>	<b><u>286,849</u></b>

**Liabilities:**

Accounts Payable, Trade	103,191
Accounts Payable, Related Party	694,954
Accrued Interest	517
Deferred Revenue	3,210
Current Portion of Long-term Debt	<u>46,843</u>
<b>Total liabilities</b>	<b><u>848,715</u></b>

**Net Assets**

Invested in Capital Assets, Net of Related Debt	69,977
Restricted for Other Purposes	189
Unrestricted Net Assets	<u>(632,032)</u>
<b>Total Net Assets</b>	<b><u><u>\$ (561,866)</u></u></b>

**See Accompanying Notes to the Basic Financial Statements**

**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>Operating Revenues:</b>	
Community School Foundation	\$ 1,318,566
Miscellaneous	1,481
<b>Total Operating Revenues</b>	<u>1,320,047</u>
<b>Operating Expenses:</b>	
Building	297,470
Purchased Services	1,512,077
Depreciation	23,083
General Supplies	147,662
Other Operating Expenses	16,327
<b>Total Operating Expenses</b>	<u>1,996,619</u>
<b>Operating Loss</b>	<u>(676,572)</u>
<b>Nonoperating Revenues and Expenses:</b>	
Federal and State Restricted Grants	438,674
Interest Expense	(42,866)
<b>Net Nonoperating Revenues and Expenses</b>	<u>395,808</u>
<b>Change in Net Assets</b>	(280,764)
<b>Net Assets (Deficit) Beginning of Year</b>	(281,102)
<b>Net Assets (Deficit) End of Year</b>	<u>\$ (561,866)</u>

**See Accompanying Notes to the Basic Financial Statements**

**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Foundation Receipts	\$ 1,179,611
Other Operating Receipts	1,481
Cash Payments to Suppliers for Goods and Services	<u>(1,548,616)</u>
Net Cash Used for Operating Activities	<u>(367,524)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Short-term Financing Payments	(31,876)
Federal and State Grant Receipts	<u>464,885</u>
Net Cash Provided by Noncapital Financing Activities	<u>433,009</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital Lease Interest Payments	(10,472)
Capital Lease Principal Retirement	<u>(58,639)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(69,111)</u>

Net Decrease in Cash and Cash Equivalents	(3,626)
Cash and Cash Equivalents - Beginning of the Year	<u>13,185</u>
Cash and Cash Equivalents - Ending of the Year	<u><u>9,559</u></u>

**Reconciliation of Operating Loss to Net Cash Used for Operating Activities**

Operating Loss	<u>(676,572)</u>
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**Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities**

Depreciation	23,083
Changes in assets and liabilities:	
Increase in Prepaid Expense	(17,392)
Decrease in Accounts Payable, Trade	(90,689)
Increase in Accounts Payable, Related Party	393,553
Increase in Deferred Revenue	493
<b>Net Cash Used for Operating Activities</b>	<u><u>\$ (367,524)</u></u>

**See Accompanying Notes to the Basic Financial Statements**

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**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**Note 1 – Description of the School**

The Youngstown Academy of Excellence (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapter 3314. The Academy offers education for Ohio children in grades K-8. The Academy is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may lease or acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the St. Aloysius Orphanage (the Sponsor) for a period of five academic years commencing after July 1, 2005 and ending June 30, 2010. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a Governing Board that consists of five individuals who are not owners or employees, or immediate relatives or owners or employees of any for-profit firm that operate or manage the Academy for the Governing Board. The Board is responsible for carrying out the provisions of the contract that include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The Academy contracts with Mosaica Education, Inc., for management services including management of personnel and human resources, the program of instruction, technology, marketing, data management, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities. See Note 15.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The more significant of the Academy’s accounting policies are described below.

**A. Basis of Presentation**

The Academy’s basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. The Academy uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

**B. Measurement Focus**

The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Academy are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from nonexchange transactions, in which Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provision set forth in the Ohio Revised Code Chapter 5705, unless specifically provided by the Academy's contract with its sponsor. The contract between the Academy and its sponsor, the St. Aloysius Orphanage, does not prescribe a budgetary process for the Academy.

**E. Cash and Cash Equivalentents**

Cash received by the Academy is reflected as "Cash and Cash Equivalentents" on the statement of net assets. The Academy had no investments during the fiscal year ended June 30, 2008.

**F. Prepaid Items**

The Academy records payments made to vendors for services that will benefit periods beyond June 30, 2008, as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

**G. Capital Assets**

The Academy's capital assets during fiscal year 2008 consisted of capital leases for computers and other equipment. All capital assets are capitalized at cost and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of one thousand five hundred dollars. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

All capital asset leases are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Lives</u>
Furniture and Equipment	5-20 years
Computer Technology	5 years

**H. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2008, there were no net assets restricted for enabling legislation.

The statement of net assets reports \$189 in restricted net assets related to certain unspent federal grant receipts and \$69,977 invested in capital assets net of related debt.

**I. Operating Revenues and Expenses**

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

**J. Estimates**

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

**K. Economic Dependency**

The Academy receives approximately 99% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education.

**Note 3 – Changes in Accounting Principles**

For fiscal year 2008, the Academy has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures". The implementation of GASB Statement 45 did not have an effect on the financial statements of the Academy; however, certain disclosures related to postemployment benefits (Refer to Note 10) have been modified to conform to the new reporting requirements. The implementation of GASB Statement 48 and GASB Statement 50 did not have effect on the financial statements for the Academy.

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

**Note 4 - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2008, the bank balance of Academy's deposits was \$12,022. The bank balance was covered by federal depository insurance which covers deposits up to \$100,000. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

**Note 5 – Receivables**

At June 30, 2008, the Academy had intergovernmental receivables, in the amount of \$141,803. The receivables are expected to be collected within one year.

Grant	Amount
Title I	\$61,288
Charter School Grant	55,890
National School Lunch Program	8,527
IDEA B	15,650
Title II A	448
Total Intergovernmental Receivables	\$141,803

**Note 6 – Capital Assets**

The capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions (Deletions)	Depreciation Expense	Balance June 30, 2008
Depreciable Capital Assets				
Furniture & Equipment	\$72,448	\$0	\$0	\$72,448
Computer Technology	96,309	0	0	96,309
Less Accumulated Depreciation				
Furniture & Equipment	(4,777)	0	(3,821)	(8,598)
Computer Technology	(24,077)	0	(19,262)	(43,339)
Capital Assets, Net	\$139,903	\$0	(\$23,083)	\$116,820

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

**Note 7 – Risk Management**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the Academy contracted with the Hartford Casualty Insurance Company. The types and amounts of coverage provided are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person/Occurrence	10,000
Damage to Rented Premises - Each Occurrence	300,000
Personal and Advertising Injury	1,000,000
Business Personal Property	288,800
Automobile Liability:	
Combined Single Limit	1,000,000
Excess/Umbrella	
Each Occurrence	3,000,000
Aggregate Limit	3,000,000

Settled claims have not exceeded this commercial coverage in any prior years and there have been no significant reductions in insurance coverage during the year.

**Note 8 – Purchased Services**

For the year ended June 30, 2008, purchased service expenses were for the following services:

Service	Amount
Personnel Services	941,116
Management Fee	219,601
Food Service	110,339
Professional Contractors	46,298
Utilities	46,082
Building Maintenance	31,822
IT/Telephone	41,739
Consulting	2,037
Advertising	24,878
Sponsor Fee	13,569
Nursing Services	23,231
Professional Development	8,275
Transportation	0
Legal Services	610
Other Service	2,480
Total:	<u>\$1,512,077</u>

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 9 – Defined Benefit Pension Plans**

The Academy has contracted with Mosaica Education, Inc. to provide employee services. However, these contracted services do not relieve the Academy of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the Academy is ultimately responsible for remitting retirement contributions to each of the systems noted below.

**A. School Employees Retirement System**

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$10,740, \$15,732 and \$7,827 respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

**B. State Teachers Retirement System of Ohio**

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://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. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 9 – Defined Benefit Pension Plans (Continued)**

**B. State Teachers Retirement System of Ohio (Continued)**

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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 - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$78,885, \$73,653, and \$38,932 respectively; 100 percent has been contributed for the fiscal years 2008, 2007 and 2006. Contributions to the DC and Combined Plans for the fiscal year 2008 were \$0 made by the Academy and \$0 made by the plan members.

**C. 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, 2008, none of the Academy's staff have elected Social Security.

**Note 10 – Postemployment Benefits**

**A. School Employees Retirement System**

Plan Description – The Academy participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 10 – Postemployment Benefits (Continued)**

**A. School Employees 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 benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care.

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.

The Academy's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$4,901, \$4,889, and \$2,540 respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The Academy's contribution for Medicare Part B for the fiscal year ended June 30, 2008 was \$774; 100 percent has been contributed for fiscal year 2008.

**B. State Teachers Retirement System**

Plan Description – The Academy 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](http://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 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$6,068, \$5,663, and \$2,993 respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

**Note 11 - Contingencies**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2008.



**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 11 – Contingencies (Continued)**

**B. Ohio Department of Education Enrollment Review**

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusion of this review resulted in state funding being adjusted by \$493. This is reported as deferred revenue on the June 30, 2008 Statement of Net Assets.

**Note 12 – Building Leases**

The Academy entered into a lease agreement on September 6, 2005 for 15 years to lease a building from School Properties Company, LLC, a wholly owned subsidiary of Mosaica Education, Inc. for the use of the main building and grounds as a school facility. Mosaica Education, Inc. is a related party, as disclosed in Note 15. Rent charges and allowable facility cost passed through totaled \$297,470 for the fiscal year. Under the lease agreement, the Academy is responsible for paying all utilities, maintenance and repairs, and applicable property taxes.

The following is a schedule of the future minimum payments, excluding allowable facility cost passthroughs, required under the operating as of June 30, 2008:

Fiscal Year Ending	Amount
<u>June 30</u>	
2009	\$ 303,571
2010	309,643
2011	315,836
2012	322,152
2013	328,595
2014	335,167
2015	341,871
2016	348,708
2017	355,682
2018	362,796
2019	370,052
2020	377,453
2021	63,115
Total minimum lease payments	<u>\$ 4,134,641</u>

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 13 – Capital Lease-Lessee Disclosure**

The Academy entered into two lease agreements in fiscal year 2006 with Relational LLC for technology equipment (computers) and furniture. The Academy's lease obligations met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The technology equipment and furniture have been capitalized in the amounts of \$96,309 and \$72,448 respectively, the present value of the minimum lease payments at the inception of the lease. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments are as follows:

Year Ending	<u>Technology</u>	<u>Furniture</u>
<u>June 30</u>		
2009	<u>29,581</u>	<u>19,780</u>
Total future minimum lease payments	29,581	19,780
Less: amount representing interest	<u>(1,639)</u>	<u>(879)</u>
Present value of future minimum lease payments	<u>\$27,942</u>	<u>\$18,901</u>

A liability for capital lease obligations in the amount of \$46,843 is reported on the June 30, 2008 Statement of Net Assets. The entire remaining balance of \$46,843 is due within one year. The Academy made \$58,639 of principal payments to reduce the June 30, 2008 outstanding capital lease balance of \$105,482.

**Note 14 –Tax Exempt Status.**

The Academy has filed for its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

**Note 15 – Related Party Transactions/Management Company**

The Academy contracts with Mosaica Education, Inc. for a variety of services including management of personnel and human resources, board relations, financial management, marketing, technology services, the program of instruction, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities. Financial management services include, but are not limited to, financial statement and budget presentation and accounts payable and payroll preparation.

Per the management agreement with the Academy, Mosaica Education is entitled to a management fee that is equivalent to 12.5% of the Academy's revenues. The management fee for fiscal year 2008 was \$219,601. In addition, upon termination of the agreement due to nonperformance by either party, or in the event of nonrenewal upon expiration of the agreement, the Academy must pay Mosaica Education, Inc. \$100,000 per year for three consecutive years.

Also, per the management agreement there are expenses that will be billed to the Academy based on the actual cost incurred for the Academy by Mosaica Education, Inc. These expenses include rent, salaries of Mosaica Education, Inc employees working at the Academy, and other costs related to providing educational and administration services. The total expenses paid to Mosaica Education Inc during fiscal year 2008 were \$906,149.

**YOUNGSTOWN ACADEMEY OF EXCELLENCE  
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 15 – Related Party Transactions/Management Company (Continued)**

At June 30, 2008, the Academy had payables to Mosaica Education, Inc. in the amount of \$694,954. The following is a schedule of payables owed to Mosaica Education, Inc.

	<u>Amount</u>
Payroll	\$381,379
Management Fee	133,989
Building Rent	133,998
Miscellaneous	45,588
Total June 30, 2008	<u><u>\$694,954</u></u>

**Note 16 – Sponsor**

The Academy was approved for operation under a contract with St. Aloysius Orphanage (the Sponsor) for a period of five academic years commencing July 18, 2005. As part of this contract, the Sponsor is entitled to a maximum of 1% of the total state funds. Total amount due and paid for fiscal year 2008 was \$13,569.

**Note 17 – Management’s Plan**

For fiscal year 2008, the Academy had an operating loss of (\$676,572), a decrease in net assets of (\$280,764), and a cumulative net asset deficit of (\$561,866). The Academy anticipates having an additional decrease in net assets for the year ended June 30, 2009 due to lower than expected enrollment. As of January 31, 2009 the Academy’s change in net asset was \$(86,981) and net asset deficit was \$(648,847).

Final fiscal year 2007 full-time equivalent student enrollment was 218 students and final fiscal year 2008 full-time equivalent student enrollment was 170 students. Current full-time equivalents student enrollment as of January of 2009 is 210 students.

As of February 6, 2009, the Board of Directors has not approved plans to address these concerns.

Mosaica Education, Inc. plans to continue to operate the Academy by delaying payments on invoices owed to Mosaica Education for certain rent, management services, other operating expenses, and employee payroll. Over time, Mosaica Education, Inc. believes the anticipated increase in enrollment should allow the Academy to reduce its operating losses and have operating gains. Mosaica Education, Inc. plans to increase enrollment through active advertising via print, radio, mailings and through referrals of current parents which may increase enrollment, reduce future deficits and may lead to no operating losses in future years.

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# Mary Taylor, CPA

Auditor of State

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

Youngstown Academy of Excellence  
Mahoning County  
1408 Rigby Street  
Youngstown, Ohio 44506

To the Board of Directors:

We have audited the basic financial statements of the Youngstown Academy of Excellence, Mahoning County, Ohio, (the Academy), as of and for the year ended June 30, 2008, and have issued our report thereon dated February 6, 2009 wherein we noted matters which raise substantial doubt about the Academy's ability to continue as a going concern. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Academy's management in a separate letter dated February 6, 2009.

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Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We did note a certain noncompliance or other matter that we reported to the Academy's management in a separate letter dated February 6, 2009.

The Academy's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Academy's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Directors, and the St. Aloysius Orphanage. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

February 6, 2009

**YOUNGSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2008**

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

**FINDING NUMBER 2008-001**

**Governing Authority—Noncompliance**

**Ohio Revised Code § 3314.01(B)** states in part the governing authority of a community school may carry out any act and ensure the performance of any function that is in compliance with the Ohio Constitution, this chapter, other statutes applicable to community schools, and the contract entered into under this chapter establishing the school.

The Academy's sponsorship agreement with St. Aloysius Orphanage (the Sponsor) requires that the Academy shall consist of not less than five individuals and that the Academy holds at least eight Board meetings per year in Mahoning County.

During the time period of September of 2007 through March of 2008 the Academy's Board of Directors did not participate in Board meetings or monitor the financial activity of the Academy. As a result the Sponsor placed the Academy on probation and assisted the Academy to establish a new Board of Directors in March of 2008. However, the Board only held six meetings in Mahoning County during fiscal year 2008.

We recommend the Board of Directors hold at least eight meetings per year and monitor the financial activity of the Academy throughout the fiscal year.

**Officials' Response**

Although the sponsorship agreement states that at least eight meetings are to be held, this is not a requirement defined in the Ohio Revised Code. In the spring of 2008, additional Board members were appointed to replace those members that were not actively participating in the leadership of the Academy. During the 2008-09 fiscal year the Academy Board has been meeting on a regular basis to oversee the operation of the Academy.

**YOUNSTOWN ACADEMY OF EXCELLENCE  
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2007-001	Board Monitoring	No	Not corrected: this finding is being repeated in the management letter.
2007-002	Monitoring of Purchased Service Expenses	No	Not corrected: this finding is being repeated in the management letter.





**Mary Taylor, CPA**  
Auditor of State

**YOUNGSTOWN ACADEMY OF EXCELLENCE**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 12, 2009**