



**Mary Taylor, CPA**  
Auditor of State



**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets .....	9
Statement of Revenues, Expenses and Changes in Net Assets.....	10
Statement of Cash Flows .....	11
Notes to the Basic Financial Statements .....	13
Schedule of Federal Awards Receipts and Expenditures.....	25
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	26
Independent Accountants' Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27
Independent Accountants' Report On Compliance With Requirements Applicable to the Major Federal Program and On Internal Control Over Compliance In Accordance With OMB Circular A-133.....	29
Schedule of Findings and Questioned Costs .....	31

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Columbus Arts & Technology Academy  
Franklin County  
2255 Kimberly Parkway East  
Columbus, Ohio 43232

To the Governing Board:

We have audited the accompanying basic financial statements of the Columbus Arts & Technology Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2006, 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 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 Columbus Arts & Technology Academy, Franklin County, Ohio, as of June 30, 2006, 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.

As discussed in Note 19 to the financial statements, the Academy has a deficit net asset balance of (\$1,145,171) and operating loss of (\$832,073) and experienced certain financial difficulties during the year. Note 19 describes management's plans regarding these issues.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2007, 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.

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements. The federal awards receipts and expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards receipts and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 11, 2007

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED*

---

The discussion and analysis of the Columbus Arts & Technology Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2006. Readers should also review the basic financial statements and notes to enhance their understanding of the Academy's financial performance.

**Highlights**

The Academy finished its second year of operation during fiscal year 2006 serving grades kindergarten through sixth grade. Enrollment varied during the year but averaged 525 students.

Key highlights for fiscal year 2006 are as follows:

- Net assets decreased \$287,400
- Academy had an operating loss of \$832,073 compared to an operating loss of \$1,036,615 in fiscal year 2005.
- Total assets increased \$8,843, or 3.01 percent, due to a \$467 increase in cash and cash equivalents, \$37,767 increase in intergovernmental receivable and \$832 increase in prepaid items. The increase was offset by a \$22,366 decrease in trade-accounts receivable and a decrease of \$7,857 in capital assets.
- Total liabilities increased \$296,242, or 25.72 percent, due to a \$102,792 increase in accounts payable-trade, \$33,219 increase in accrued wages/benefits payable, \$24,801 increase in accrued interest payable and \$383,534 increase in long term debt. The increase was offset by a \$248,104 decrease in accounts payable-related party.

**Overview of the Financial Statements**

The financial report consists of two parts-management discussion and analysis and the basic financial statements. These statements are organized so the reader can understand the financial position of the academy. Enterprise accounting uses a flow of economic resource 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 present 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 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 the governmental-wide financial statements is included in the discussion and analysis.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)*

Table 1 provides a summary of Academy's net assets for 2005 compared to 2006:

Table 1  
Net Assets

	2006	2005	Change
<u>Assets:</u>			
Current Assets	\$156,442	\$139,742	\$16,700
Capital Assets	146,029	153,886	(7,857)
Total Assets	<u>302,471</u>	<u>293,628</u>	<u>8,843</u>
<u>Liabilities:</u>			
Current Liabilities	1,128,110	1,100,858	27,252
Long-Term Liabilities	319,532	50,542	268,990
	<u>1,447,642</u>	<u>1,151,400</u>	<u>296,242</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	63,933	9,221	54,712
Restricted for Other Purposes	55,366	0	55,366
Unrestricted	(1,264,470)	(866,992)	(397,478)
Total Net Assets	<u>(\$1,145,171)</u>	<u>(\$857,771)</u>	<u>(\$287,400)</u>

Total net assets decreased \$287,400. The cause of the decrease was the Board's desire to open the Academy with a program that would be attractive to the families of the area and to offer services and student staff ratios necessary to accelerate learning of students faster than the traditional single grade level gains. 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 risk 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 program became available by 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.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)*

Table 2 reflects the changes in net assets for fiscal year 2006.

Table 2  
Change in Net Assets

	2006	2005	Change
<u>Operating Revenues:</u>			
Foundation	\$3,316,014	\$2,004,065	\$1,311,949
Charges for Services	76,344	18,354	57,990
<u>Non-Operating Revenues:</u>			
Federal/State Restricted Grants	610,832	178,843	431,989
<b>Total Revenues</b>	<b>\$4,003,190</b>	<b>\$2,201,262</b>	<b>\$1,801,928</b>
<u>Operating Expenses:</u>			
Salaries	\$1,419,487	\$954,987	\$464,500
Fringe Benefits	446,308	289,859	156,449
Building	863,339	477,500	385,839
Purchased Services	1,055,128	772,849	282,279
Depreciation	38,715	34,546	4,169
General Supplies	166,965	311,480	(144,515)
Other Operating Expense	234,489	217,812	16,677
<u>Non-Operating Expenses:</u>			
Interest	66,159	0	66,159
<b>Total Expenses</b>	<b>\$4,290,590</b>	<b>\$3,059,033</b>	<b>\$1,231,557</b>
<b>Total Increase (Decrease) in Net Assets</b>	<b>(\$287,400)</b>	<b>(\$857,771)</b>	<b>\$570,371</b>

Fiscal year 2006 showed an increase in revenues and expenses is primary due to an increase in the number of students from 330 in fiscal year 2005 to 525 in fiscal year 2006 served by the Academy.

**Budgeting**

Unlike other public school 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, Ohio Council of Community Schools, does not prescribe a budgetary process for the Academy.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)*

**Capital Assets and Debt Administration**

Capital Assets

At the end of fiscal year 2006, the Academy had \$146,029 invested in capital assets (net of accumulated depreciation) for computer and other equipment, a decrease of \$7,859 or 5.1 percent. The following table shows fiscal year 2006 compared to 2005:

Capital Assets at June 30 (Net of Depreciation)

	2006	2005	Change
Furniture & Equipment	\$146,029	\$153,888	(\$7,859)

The decrease represents the depreciation expense for the year on furniture and equipment. For further information regarding the Academy's capital assets, refer to Note 6 of the basic financial statements.

Debt

At June 30, 2006, the Academy had \$528,200 in notes and capital leases outstanding, \$208,668 due within one year. The following outstanding table summarized the Academy's debt outstanding as of June 30, 2006.

Outstanding Debt, at Year End

	2006	2005	Change
Capital Leases Payable	\$82,096	\$144,666	(\$62,570)
Installment Note Payable	446,104	0	446,104
Total	\$528,200	\$144,666	\$383,534

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

**Economic Factors**

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

**Operations**

Columbus Arts & Technology Academy is a nonprofit corporation established pursuant to Ohio Revised Code Chapter 3314. The Academy offers education for Ohio children in grades K-6. Grade 7 is being added in the 2006-2007 academic year. 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.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)*

---

**Requests for Information**

This financial report is designed to provide 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 question concerning this report, please contact Michael Trooper, Controller of the Columbus Arts & Technology Academy, 3330 Chippewa Street, Columbus, Ohio 43204.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2006**

Cash and Cash Equivalents	\$50,821
Accounts Receivables, Trade	2,631
Intergovernmental Receivable	86,539
Prepaid Expense	16,451
<b>Total current assets</b>	<b>156,442</b>
 <b><i>Noncurrent assets:</i></b>	
Capital Assets, Net of Accumulated Depreciation	146,029
 <b>Total Assets:</b>	<b>302,471</b>
 <b>Liabilities:</b>	
<b><i>Current liabilities:</i></b>	
Accounts Payable, Trade	279,900
Accounts Payable, Related Party	503,247
Accrued Wages	81,474
Benefits Payable	30,020
Accrued Interest Payable	24,801
Current Portion of Long-Term Debt	208,668
<b>Total current liabilities</b>	<b>1,128,110</b>
 <b><i>Noncurrent liabilities:</i></b>	
Noncurrent Portion of Long-Term Debt	319,532
 <b>Total Liabilities:</b>	<b>1,447,642</b>
 <b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	63,933
Restricted for Other Purposes	55,366
Unrestricted	(1,264,470)
<b>Total Net Assets:</b>	<b>(\$1,145,171)</b>

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

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NETS ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Operating Revenues:</b>	
Foundation Receipts	\$3,316,014
Charges for Services	76,344
<b>Total Operating Revenues</b>	<b><u>3,392,358</u></b>
<b>Operating Expenses:</b>	
Salaries	1,419,487
Fringe Benefits	446,308
Building	863,339
Purchased Services	1,055,128
Depreciation	38,715
General Supplies	166,965
Other Operating Expenses	234,489
<b>Total Operating Expenses</b>	<b><u>4,224,431</u></b>
<b>Operating Loss</b>	<b>(832,073)</b>
<b>Nonoperating Revenues and Expenses:</b>	
Interest	(66,159)
Federal/State Restricted Grants	610,832
<b>Total Nonoperating Revenues and Expenses</b>	<b><u>544,673</u></b>
<b>Change in Net Assets</b>	<b>(287,400)</b>
<b>Net Assets Beginning of Year</b>	<b><u>(857,771)</u></b>
<b>Net Assets End of Year</b>	<b><u><u>(\$1,145,171)</u></u></b>

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

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006**

**Cash flows from operating activities**

Foundation Receipts	\$3,316,014
Charges for Services	\$76,344
Cash Payments to Suppliers for Goods and Services	(2,451,758)
Cash Payments to Employees for Service and Benefits	(1,835,207)
Net Cash Used for Operating Activities	<b>(\$894,607)</b>

**Cash flow from noncapital financing activities**

Federal and State Grants	573,065
Net Cash Provided by Noncapital Financing Activities	573,065

**Cash flow from capital and related financing activities**

Cash Received from Note Proceeds	446,104
Cash Payments for Interest on the Note	(16,728)
Cash Payments for Capital Lease Debt	(95,471)
Cash Payments for Capital Lease Interest	(11,896)
Net Cash Used for Capital and Related Financing Activities	322,009

Net Increase in Cash and Cash Equivalents	467
Cash and Cash Equivalents-Beginning of the Year	50,354
Cash and Cash Equivalents-Ending of the Year	\$50,821

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

Operating Loss	<b>(\$832,073)</b>
----------------	--------------------

**Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities**

Depreciation	38,715
Change in assets and liabilities:	
Decrease in Accounts Receivable, Trade	(2,307)
Decrease in Prepaid Expense	(832)
Increase in Accounts Payable-Trade	116,775
Decrease in Accounts Payable-Related Party	(248,104)
Increase in Accrued Wages and Benefits Payable	33,219
<b>Net Cash Used for Operating Activities</b>	<b>(\$894,607)</b>

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

**Noncash operating activities**

The Academy's management company paid \$503,247 for operating expenses on behalf of the Academy.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006**

---

**Note 1 - Description of the School**

The Columbus Arts & Technology Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314. The Academy offers education for Ohio children in grades K-6. Grade 7 is being added in the 2006-2007 academic year. The Academy is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operation. 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 Ohio Council of Community Schools (the Sponsor) for a period of four academic years commencing after July 1, 2004 and ending June 30, 2008. 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.

Ohio Revised Code Section 3314.02(E) states in part that the Academy operate under the direction of a Governing Board that consists of not less than five individuals who are not owners or employees, or immediate relatives or owners or employees of any for-profit firm that operates or manages an academy for the Governing Board. The Board is responsible for carry out the provisions of the contract that include, but are not limited to, state-mandated provision regarding student population, curriculum, academic goals, performance standards, admission standards, and qualification of teachers.

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

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

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principals (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.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

---

**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 school 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 Ohio Council of Community Schools, does not prescribe a budgetary process for the Academy.

**E. Cash and Cash Equivalents**

Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net assets. The Academy had no investments during the fiscal year ended June 30, 2006.

**F. Prepaid Items**

The Academy records payments made to vendors for services that will benefit periods beyond June 30, 2006, 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 2006 consisted of 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.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

---

---

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

All capital assets, except land and construction in progress, are depreciated. Improvements 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, Fixtures, and Equipment	5-20 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.

The statement of net assets reports \$55,366 in restricted net assets related to OASIS, EMIS, and Title II-D receipts and \$63,933 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 the fiscal year ended June 30, 2006, the Academy implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", and GASB Statement No. 47, "Accounting for Termination Benefits."

GASB Statement No. 42 provides guidance on the accounting treatment and financial reporting requirements for impairments of capital assets and insurance recoveries. The implementation of this statement had no effect on the financial statements.

GASB Statement No. 47 establishes accounting standards for termination benefits. There was no effect on the financial statements.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(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, 2006, the bank balance of Academy's deposits was \$77,477. 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, 2006, the Academy had intergovernmental receivables, in the amount of \$86,539 and trade accounts receivable of \$2,631. The receivables are expected to be collected within one year.

Grant	Amount
Federal School Breakfast	\$2,184
Federal School Lunch-Public	8,616
Federal School Snack	649
Special Ed Ideas Funding	12,409
Title I	62,681
Total Intergovernmental Receivables	\$86,539

**Note 6 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Furniture & Equipment	\$188,432	30,856	0	\$219,288
Less Accumulated Depreciation	(34,544)	(38,715)	0	(73,259)
Capital Assets, Net	\$153,888	(\$7,859)	\$0	\$146,029

**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 2006, the Academy contracted with Pashley Insurance Agency insurance coverage with the Hartford Casualty Insurance Company. The types and amounts of coverage provided are as follows:

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**Note 7 - Risk Management**

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
Automobile Liability:	
Combined Single Limit	1,000,000
Excess/Umbrella Liability:	
Each Occurrence	5,000,000
Aggregate Limit	5,000,000

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

**Note 8 – Purchased Services**

For the period July 1, 2005 through June 30, 2006, purchased service expenses were as follows:

Service	Amount
Building/Custodial	\$45,854
Auditing Fees	5,979
Food Service	174,945
Legal Fees	4,082
Management Fee	449,582
Special Education/Nursing	130,795
Sponsor Fee	90,311
Temporary Services	78,914
Training	14,552
Pupil Transportation	39,050
Information Technology	11,340
Consulting Fees	3,476
Miscellaneous	6,248
Total	<u><u>\$1,055,128</u></u>

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

---

**Note 9 – Defined Benefit Pension Plans**

**A. School Employees Retirement System**

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit 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, by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

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 2006, 10.58 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, up to a statutory maximum amount, by the SERS' Retirement Board. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006 and 2005 were \$54,229 and \$12,453 respectively; 100 percent has been contributed for fiscal year 2006 and 2005.

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

The School District 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 (614) 227-4090, 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 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

---

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

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

A DB or Combined Plan member with five or more years of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2006, 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 2005, 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, 2006 and 2005, were \$154,377 and \$60,695, respectively; 97 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005. No employees contribute to the DCP and CP for the fiscal year ended June 30, 2006.

**Note 10 – Postemployment Benefits**

The Academy provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the Academy, this amount equaled \$7,160 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

---

---

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the Academy, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$23,126

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

**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, 2006.

**B. Litigation**

A suit was filed in the US District Court, Southern District of Ohio, Western Division on October 6, 2004, which challenges the funding of charter schools under Equal Protection, Due Process and claims violation of a right to vote on the bodies administering public schools. The case is still pending. The effect of this suit, if any, on the Academy is not presently determinable.

The Academy is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operation and pending projects. The Academy management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Academy.

**C. 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 could result in state funding being adjusted. A review conducted by the Ohio Department of Education reflected the Academy owed the Ohio Department of Education \$23,545.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**Note 12 – Building Leases**

The Academy has entered into a lease for the period from July 1, 2004 through June 30, 2019 with ECE 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 17. Payments made totaled \$659,207 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 required under the operating as of June 30, 2006:

Fiscal Year Ending June 30	Amount
2007	\$678,435
2008	692,168
2009	712,357
2010	726,777
2011	747,974
2012	763,116
2013	785,373
2014	801,221
2015	824,592
2016	841,335
2017	865,874
2018	883,402
2019	368,084
Total minimum lease payments	\$9,690,708

**Note 13 – Long-Term Obligations**

Changes in the Academy's long-term obligations during fiscal year 2006 were as follows:

	Balance 6/30/2005	Additions	Reductions	Balance 6/30/2006	Amount Due Within One Year
Mosaica Education, Inc. Promissory Note	\$0	\$446,104	\$0	\$446,104	\$146,104
Capital Leases Payable	144,666	30,858	(93,428)	82,096	62,564
Long-Term Obligations	\$144,666	\$476,962	(\$93,428)	\$528,200	\$208,668

Mosaica Education, Inc. Promissory Note- On May 9, 2006, the Academy entered into a promissory note with Mosaica Education, Inc for the some outstanding accounts payables. The promissory note has an interest rate of 9.0 percent and will mature in fiscal year 2009.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**Note 13 – Long-Term Obligations (Continued)**

The Principal and interest requirements to retire the promissory note with Mosaica Education, Inc. outstanding at June 30, 2006, were as follows:

Promissory Note		
Fiscal Year Ending June 30	Principal	Interest
2007	\$146,104	\$14,245
2008	150,000	28,125
2009	150,000	41,625
Total	\$446,104	\$83,995

**Note 14 – Capital Lease-Lessee Disclosure**

The Academy has entered into capitalized leases for the use of computer equipment and furniture. Each lease meets the criteria of 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. Principal payments in 2006 were \$93,428.

	Amount
Property under Capital Lease	\$219,288
Less Accumulated Depreciation	(73,259)
Total June 30, 2006	\$146,029

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2006.

Capital Lease		
Fiscal Year Ending June 30	Principal	Interest
2007	\$62,564	\$6,209
2008	\$10,581	\$2,058
2009	\$8,951	\$526
Total	\$82,096	\$8,793

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

---

**Note 15 – Operating Leases**

In September of 2004, the Academy entered into an operating lease for three years with ACC Capital Corporation, for the use of classroom furnishings. Total lease payments during fiscal year 2006 for this lease were \$27,053. Estimated minimum lease payments still owed on the operating lease is \$34,401.

**Note 16 –Tax Exempt Status.**

The Academy has not obtained its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Academy has made no provision for any potential tax liability resulting from not obtaining the Section 501(c)(3) tax-exempt status.

**Note 17 – Related Party Transactions/Management Company**

The Academy contracts with Mosaica Education, Inc. for variety of services including management of personnel and human resources, board relation, 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, budget preparation, accounts payable, and payroll preparation.

Per the management agreement with the Academy, Mosaica Education, Inc. is entitled to a management fee that is equivalent to 12.5% of Academy revenue. Mosaica Education, Inc. is entitled to 12.5% of revenues as a management fee. The management fee for fiscal year 2006 was \$449,582.

At June 30, 2006, the Academy had payables to Mosaica Education, Inc. in the amount of \$503,247. The following is a schedule of payables to Mosaica Education, Inc.

	<u>Amount</u>
Payroll	\$310,215
Management Fee	112,626
Building Rent	63,934
Interest/Finance Charges	12,257
Miscellaneous	<u>4,215</u>
Total June 30, 2006	<u><u>\$503,247</u></u>

**Note 18 – Sponsor**

The Academy was approved for operation under a contract with the Ohio Council of Community Schools Council (the Sponsor) for a period of four academic years commencing July 1, 2004. As part of this contract, the Sponsor is entitled to a maximum of 3% of all revenues. Total amount due and paid for fiscal year 2006 was \$90,311.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

---

**Note 19 – Management’s Plan**

For fiscal year 2006, the Academy had an operating loss of (\$832,073), net loss of (\$287,400), and net asset deficit of (\$1,145,171). Projected revenues and expenses for fiscal year 2007 indicate these financial difficulties will not be completely eliminated during fiscal year 2007.

The Academy had a net loss for fiscal year 2006. The net loss in fiscal year 2006 of negative \$287,400 was less than the net loss in fiscal year 2005 of negative \$857,772 due to a significant increase in enrollment. Final fiscal year 2005 full-time equivalent student enrollment was 330 students and Final fiscal year 2006 full-time equivalent student enrollment was 525 students. Current full-time equivalent student enrollment as of January 2007 is 591 students.

Management plans to continue to increase enrollment through active advertising via print, radio, mailings and through referrals of current parents which will help reduce future deficits and operating losses.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b><u>United States Department of Agriculture</u></b>				
<b><i>Passed Through Ohio Department of Education</i></b>				
Nutrition Cluster:				
School Breakfast Program	000557-05PU-(2005-2006)	10.553	\$ 36,090	\$ 36,090
National School Lunch Program	000557-LLP4-(2005-2006)	10.555	154,842	154,842
Total U.S. Department of Agriculture-Nutrition Cluster			<u>190,932</u>	<u>190,932</u>
<b><u>United States Department of Education</u></b>				
<b><i>Passed Through Ohio Department of Education</i></b>				
Title I Grants to Local Educational Agencies	000557-C1S1-2005 000557-C1S1-2006	84.010	(8,403) 221,213	- 272,455
			<u>212,810</u>	<u>272,455</u>
Special Education Grants to States	000557-6BCM-2005 000557-6BSF-2006	84.027	12,293 48,473	- 48,473
			<u>60,766</u>	<u>48,473</u>
Safe and Drug-Free Schools and Communities State Grants	000557-DRS1-2006	84.186	1,584	1,584
Innovative Educational Program Strategies	000557-C2S1-2006	84.298	1,137	1,137
Improving Teacher Quality State Grants	000557-TRS1-2005 000557-TRS1-2006	84.367	(545) 11,425	- 10,690
			<u>10,880</u>	<u>10,690</u>
Education Technology State Grants	000557-TJS1-2005 000557-TJS1-2006	84.318	3,047 2,365	2,452 2,365
			<u>5,412</u>	<u>4,817</u>
Total United States Department of Education			292,589	339,156
<b>TOTAL FEDERAL AWARDS</b>			<u><b>\$ 483,521</b></u>	<u><b>\$ 530,088</b></u>

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

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the Academy's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



# 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

Columbus Arts & Technology Academy  
Franklin County  
2255 Kimberly Parkway East  
Columbus, Ohio 43232

To the Governing Board:

We have audited the basic financial statements of the Columbus Arts & Technology Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2006, and have issued our report thereon dated July 11, 2007 wherein we noted the Academy had a deficit net asset balance and an operating loss as of June 30, 2006 and experienced certain financial difficulties during the fiscal year. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely affect the Academy's ability to record, process, summarize, and report financial data consistent with management's assertion in the financial statements. Reportable conditions are described in the accompany schedule of findings and questioned costs as items 2006-001, 2006-002 and 2006-004.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable condition and, accordingly, would not necessary disclose all reportable condition that are also considered material weaknesses. We considered items 2006-001, 2006-002, and 2006-004 to be material weaknesses. In a separate letter to the Academy's management dated July 11, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2006-002 and 2006-003. In a separate letter to the Academy's management dated July 11, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management, the Governing Board, and federal awarding agencies, and pass through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 11, 2007



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Columbus Arts & Technology Academy  
Franklin County  
2255 Kimberly Parkway East  
Columbus, Ohio 43232

To the Governing Board:

#### Compliance

We have audited the compliance of Columbus Arts & Technology Academy (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the Academy's major federal program. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy's compliance with those requirements.

As described in items 2006-005 through 2006-007 in the accompanying schedule of findings and questioned costs, the Academy did not comply with requirements regarding reporting, activities allowed, allowable cost/cost principles, and eligibility applying to its Title I program. Compliance with those requirements is necessary, in our opinion, for the Academy to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Columbus Arts & Technology Academy complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006. In a separate letter to the Academy's management dated July 11, 2007, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

35 N. Fourth St. / Second Floor / Columbus, OH 43215-3612  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Internal Control Over Compliance**

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Academy's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-005 through 2006-007.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider items 2006-006 and 2006-007 to be material weaknesses.

We intend this report solely for the information and use of the management, the Governing Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 11, 2007

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies—CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**FINDING NUMBER 2006-001**

**Payment of Property Taxes—Reportable Condition//Material Weakness**

**Ohio Revised Code § 3314.082** states, in pertinent part, that it is the intent of the general assembly that no state monies paid to a community school under **Section 3314.08 of the Ohio Revised Code** be used by the school to pay any taxes the school might owe on its own behalf, including, but not limited to, local, state, and federal income taxes, sales taxes, and personal and real property taxes.

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
---

**FINDING NUMBER 2006-001 (Continued)**

**Payment of Property Taxes—Reportable Condition/Material Weakness (Continued)**

The Sublease Agreement entered into between the Academy and the ECE Company, LLC. states that the Academy is responsible for rent and other obligations as stated in the Master Lease Agreement between the ECE Company, LLC and Spirit Finance Acquisitions, LLC.

Section 8 of the Master Lease Agreement states that the ECE Company, LLC is responsible for all taxes and assessments of every type or nature assessed against or imposed on the property.

A liability of \$204,131 has been recorded on the financial statements related to un-paid real estate taxes that are the responsibility of the Academy per the Sublease agreement between the Academy and the ECE Company, LLC. No property taxes were paid by the Academy during 2006.

The payment of taxes results in the reduction of funds available for expenditures that could be used in a more prudent manner.

**Officials' Response**

The Academy has filed an application for exemption of real estate taxes with the Franklin County Auditor. It is anticipated that the Academy will be granted the exemption at which point we will remove the liability. It is important to note that no real estate taxes have been paid to date which keeps the Academy in compliance with ORC Section 3314.082.

**FINDING NUMBER 2006-002**

**Tax Exempt Status—Noncompliance/Reportable Condition/Material Weakness**

The Academy's sponsorship agreement with the Board of Trustees of the Ohio Council of Community Schools states the Academy is required to apply and qualify as a tax-exempt organization under section 501(C)(3) of the Internal Revenue Code.

The Academy did not present documentation that it has applied to the Internal Revenue Service to obtain tax exempt status pursuant to Section 26 USC 501(C)(3). The Academy has made no provision for potential current or future tax liability which could result from not obtaining the Section 501(C)(3) tax exempt status.

We recommend the Academy consult with qualified tax counsel to determine necessary tax filing with the Internal Revenue Service, pay any outstanding taxes due, and negotiate a settlement concerning any fees and/or penalties which may be assessed.

**Officials' Response**

The Academy is in the process of filing for tax exempt status pursuant to Section 26 USC 501 (C)(3).

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

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

**FINDING NUMBER 2006-003**

**Debt Payments In Accordance with Promissory Note Agreement—Noncompliance**

The Payment section of the Promissory Note Agreement dated June 30, 2005 between the Academy and Mosaica Education, Inc., the Academy's Management Company, for \$446,104.26 states the "Borrower shall pay this loan as outlined below":

Date	Principal	Interest	Payment
7/31/2006	146,104.26	14,245.17	160,349.43
7/31/2007	150,000.00	28,125.00	178,125.00
7/31/2008	150,000.00	41,625.00	191,625.00
	446,104.26	83,995.17	530,099.43

On November 1, 2005 Mosaica Education, Inc billed the Academy \$16,728.90 for five months interest on the outstanding balance of the promissory note. The invoice stated that the amount was due upon receipt. On February 6, 2006, the Academy paid Mosaica \$16,728.90 for the interest billed prior to the scheduled payment date of July 31, 2006.

The Academy should pay Mosaica Education, Inc. the debt obligations as outlined and agreed to in the Promissory Note Agreement. If the Academy chooses to prepay the debt obligation, the prepaid amount should be applied against the outstanding principal of the promissory note.

**Officials' Response**

The November 1, 2005 billing in the amount of \$16,728.90 represented accrued interest through November 1<sup>st</sup> and was an actual liability to the Academy. When interest through 7/31/06, the initial payment due date, was billed the \$16,728.90 was not included as it had already been billed/paid. To avoid miscommunication in the future, the Academy will pay Mosaica Education per the note agreement.

**FINDING NUMBER 2006-004**

**GAAP Financial Statement Preparation and Reporting—Reportable Condition/Material Weakness**

Financial statements prepared using generally accepted accounting principles (GAAP) enhance the decision making capabilities of officials and department managers charged with the operations of the Academy, and others with regulatory interests in the results of operations and available resources of the Academy. GAAP basis financial statements provide financial statement users with an accurate financial picture of the Academy's results of operations and available resources by including accrued assets, liabilities, revenues and expenses.

However, financial information becomes less valuable with the passage of time. This is primarily because accrued revenues and expenses become realized. Those relying upon the Academy's financial statements may draw different conclusions if GAAP basis financial statements are not completed in a timely and accurate fashion. Inaccurate and untimely financial statements could possibly lead to decision-making which is not in the best interest of the Academy.

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
---

**FINDING NUMBER 2006-004(Continued)**

**GAAP Financial Statement Preparation and Reporting—Reportable Condition/Material Weakness (Continued)**

The Ohio Administrative Code requires financial statements be completed within 150 days of the fiscal year end. While the Academy did file financial statements before the deadline, they were incomplete. The Academy did not prepare a complete set of GAAP basis basic financial statements, Management Discussion and Analysis, and related footnotes until January 18, 2007, more than six months after the year ending June 30, 2006. Furthermore, as a result of applying auditing procedures, the financial statements required 25 audit adjustments to be compliant with GAAP. Additionally, the Management’s Discussion and Analysis, financial statements, and the related footnotes contained several errors.

To enhance financial accountability and decision making by the Academy’s administration, the Governing Board , and the citizens served by the Academy, we recommend the Academy prepare its GAAP basis basic financial statements in an accurate and timely fashion as required by the Ohio Administrative Code. We also recommend the Academy implement policies and procedures for the completion and review of the financial statements, including the Management’s Discussion and Analysis and related financial statements.

**Officials’ Response**

We will ensure that the GAAP financials, M D & A, and footnotes are submitted within 150 days of the fiscal year end and work to minimize the number of audit adjustments.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

**Title I- Reporting**

<b>Finding Number</b>	2006-005
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies—CFDA #84.010
<b>Federal Award Number / Year</b>	C1S1-2006
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance/Reportable Condition**

The Ohio Department of Education (ODE) Federal Fiscal Report Procedures #1, and ODE Superintendent Weekly E-mail, dated December 6, 2002 require the following:

Consolidated Application Assurance item 5 provides that the Academy will report to ODE as may be reasonably necessary to enable ODE to perform its duties.

Program funds are reported to the State of Ohio by the following reports:  
-Project Cash Requests

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

**Title I- Reporting (Continued)**

<b>Finding Number</b>	2006-005
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies—CFDA #84.010
<b>Federal Award Number / Year</b>	C1S1-2006
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance/Reportable Condition (Continued)**

-Final Expenditure Report

Actual expenditures authorized by the approved project application and charges to the project special cost center are to be reported (report amount actually expended not encumbered).

The Academy uses an accrual basis accounting system. Rather than performing a calculation to determine actual cash basis expenditures, the Academy estimated cash expenditures for each Project Cash Request submitted for the Title I grant.

The Academy should implement procedures that will identify the actual cash basis expenditures of the program that should be reported on the Project Cash Request forms and submitted to the Ohio Department of Education.

**Officials' Response:**

The Academy inadvertently booked more and the Academy will make a better effort to ensure that our cash requests are more accurate. We did not indicate that we expended any significant amounts beyond the estimated amounts expended and we did not expend more than the budgeted amount. We will also monitor cash draws to maintain compliance with Cash Management requirements in OMB Circular A-87.

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
--

**Title I- Activities Allowed and Allowable Costs/Cost Principles**

<b>Finding Number</b>	2006-006
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies—CFDA #84.010
<b>Federal Award Number / Year</b>	C1S1-2006
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance/Questioned Costs/Reportable Condition/Material Weakness**

**Title I, Section 1115 of the Elementary and Secondary Education Act, (ESEA),(20 USC 6315),** requires that in a targeted assistance school, funds available under Part A may be used only for programs that are designed to help participating children meet the State’s student academic achievement standards expected of all children. Allowable activities in these schools include, but are not limited to instructional programs, counseling, mentoring, other pupil services, college and career awareness and preparation, services to prepare students for the transition from school to work, services to assist preschool children in the transition to elementary school programs, parental involvement activities, and professional staff development.

If health, nutrition, and other social services are not otherwise available from other sources to participating children, Part A funds may be used as a last resort to provide such services. The Academy’s plan will provide a description of the general nature of the services to be provided with Part A funds.

**2 CFR Part 225, Appendix A Section C, 1, j,** (formerly known as OMB Circular A-87, Attachment A Section C, 1, j) states that to be allowable under federal awards, costs must be adequately documented.

**2 CFR Part 225, Appendix B Section 26 c.** (formerly known as OMB Circular A-87, Attachment B Section 26 c.) states that only materials and supplies used for the performance of a Federal award may be charged as direct costs.

The Academy received Title I funding as a targeted assistance school. The Academy expended \$1,600 of Title I funds on a bully-proofing youth training program that benefited all students in the school rather than specific participating students eligible for Title I services.

In addition, the Academy made various adjustments throughout the year to account for payroll related expenditures from the Title I program and \$14,645 of these expenditure adjustments were not supported by adequate documentation and were not related to direct costs of the Title I program.

Accordingly, a questioned cost is issued in the amount of \$16,245 of the Academy’s \$272,455 expended on the Title I grant program during fiscal year 2006.

The Academy should ensure that documentation that supports direct costs of the Title I Program is maintained to demonstrate expenditures meet the direct costs provisions for expenditures incurred. The Academy should also contact the Ohio Department of Education to determine if repayment of these funds is necessary.

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

**Title I- Activities Allowed and Allowable Costs/Cost Principles (Continued)**

<b>Finding Number</b>	2006-006
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies—CFDA #84.010
<b>Federal Award Number / Year</b>	C1S1-2006
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance/Questioned Costs/Reportable Condition/Material Weakness (Continued)**

**Officials' Response:**

The Academy thought that this was appropriate expense for Title 1. We will thoroughly document journal entries related to federal grants to avoid situations where intentions might not be clear.

The paraprofessionals, teachers, and directors associated working with Title I students are coded as such on the Personnel Action Forms (PAFs) as they are hired. An error may have been made on the PAFs which would have caused our accountants to have to adjust payroll at a later date. The individuals charged to Title I have been constant with the ODE approved budget. Again, our labeling and internal communication system should eliminate these kinds of errors in the future.

**Title I- Student Eligibility**

<b>Finding Number</b>	2006-007
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies—CFDA #84.010
<b>Federal Award Number / Year</b>	C1S1-2006
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance/Questioned Costs/Reportable Condition/Material Weakness**

**Title I, Section 1115 of ESEA (20 USC 6315)** states that Title I, Part A, funds are to be used to provide services and benefits to eligible children residing or enrolled in eligible school attendance areas. Once funds are allocated to eligible school attendance areas (see E.2.a and E.2.b below), a school operating a targeted assistance program must use Title I funds only for programs that are designed to meet the needs of children identified by the school as failing, or most at risk of failing, to meet the State's challenging student academic achievement standards. In general, eligible children are identified on the basis of multiple, educationally related, objective criteria established by the LEA and supplemented by the school.

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
--

**Title I- Student Eligibility (Continued)**

<b>Finding Number</b>	2006-007
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies—CFDA #84.010
<b>Federal Award Number / Year</b>	C1S1-2006
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance/Questioned Costs/Reportable Condition/Material Weakness (Continued)**

Children who are economically disadvantaged, children with disabilities, migrant children, and limited English proficient (LEP) children are eligible for Part A services on the same basis as other children who are selected for services. In addition, certain categories of children are considered at risk of failing to meet the State’s student academic achievement standards and are thus eligible for Part A services because of their status. Such children include: children who are homeless; children who participated in a Head Start, Even Start, Early Reading First, or Title I preschool program at any time in the two preceding years; children who received services under the Migrant Education Program under Title I, Part C at any time in the two preceding years; and children who are in a local institution for neglected or delinquent children or attending a community day program. From the pool of eligible children, a targeted assistance school selects those children who have the greatest need for special assistance to receive Part A services.

The Academy did not document in writing what criteria were going to be used to determine the students to be served.

Also, the list of students served by the Academy through the Title I program did not document individual student test scores and teacher recommendations. Therefore, it could not be determined that the students served were the most at risk at failing.

Accordingly, a questioned cost is issued in the amount of \$272,455, the amount the Academy expended in Title I funding during fiscal year 2006.

We recommend that the Academy establish written criteria to be used to by the Title I staff as a basis to prioritize the individual students with the greatest need for Title I services. The Academy should also ensure Title I eligibility determination files clearly document individual student test scores, teacher recommendations, and other information used to determine eligible students. In addition, the Academy should contact the Ohio Department of Education to determine if repayment of these funds is necessary.

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

**Title I- Student Eligibility (Continued)**

<b>Finding Number</b>	2006-007
<b>CFDA Title and Number</b>	Title I Grants to Local Educational Agencies—CFDA #84.010
<b>Federal Award Number / Year</b>	C1S1-2006
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance/Questioned Costs/Reportable Condition/Material Weakness (Continued)**

**Officials' Response:**

Criterion were established but not recorded in a formal document. After learning this requirement, we have recorded in memo form the scale used to determine students who are below grade level along with the scores of students in the program.

Our list of students for the 05-06 school year did not document the individual test scores of students, only that they qualified. Separately available data was available to document that listed students were in fact eligible because of test score data/free lunch eligibility. To avoid this in the future, a single document listing eligible students and the supporting data to document eligibility will be maintained.





**Mary Taylor, CPA**  
Auditor of State

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY**

**FRANKLIN 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  
SEPTEMBER 11, 2007**