FAMILY LEARNING CENTER
LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2006

FAMILY LEARNING CENTER
LUCAS COUNTY

TABLE OF CONTENTS

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family Learning Center
Lucas County
1501 Monroe Street, 2nd Floor
Toledo, Ohio 43624-1752

To the Governing Board:

We have audited the accompanying basic financial statements of the Family Learning Center, Lucas County, Ohio (the School), 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 School'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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2007, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquires 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 School's basic financial statements. The federal awards 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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 11, 2007

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

The discussion and analysis of The Family Learning Center of Northwest Ohio, Inc. d.b.a. Alliance Academy of Toledo's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- In total, net assets decreased $116,757 which represents a 222 percent decrease from 2005. This decrease was due to the decrease in intergovernmental receivables, an increase in intergovernmental payables, and the addition of a new capital lease obligation.

- Total assets decreased $97,243, which represents a 23.5 percent decrease from 2005. This was primarily due to a decrease in intergovernmental receivables.

- Total Liabilities increased $19,514, which represents a 3.7 percent increase from 2005. This is due to an increase in intergovernmental payables and the addition of a new capital lease.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

Reporting the School as a Whole

One of the most important questions asked about the School is, "As a whole, what is the School's financial condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the School's financial statements, report information on the School as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the School's net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School's financial health or financial position. Over time, increases or decreases in the School's net assets – as reported in the Statement of Net Assets – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School's operating results. However, the School's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the school, qualifications of staff, and retention of students and staff to assess the overall health of the School.

The Statement of Net Assets and the Statement of Activities report the activities for the School, which encompass all the School's services, including instruction, support services, community services, and food services. Unrestricted state aid and state and federal grants finance most of these activities.

Table 1 provides a summary of the School's net assets for fiscal year 2006 and fiscal year 2005:

Table 1
Net Assets

	2006	2005
Assets		
Current Assets	$ 165,019	$ 253,060
Noncurrent Assets	163,945	173,147
Total Assets	$ 328,964	$ 426,207
Liabilities		
Current Liabilities	$ 373,245	$ 370,901
Noncurrent Liabilities	167,691	150,521
Total Liabilities	540,936	521,422
Net Assets		
Invested in Capital Assets, Net of Related Debt		9,616
Restricted for Grants	56,665	26,288
Unrestricted	(268,637)	(131,119)
Total Net Assets	$ (211,972)	$ (95,215)

Total assets decreased by $97,243. This was primarily due to a decrease in current assets of $88,041. Intergovernmental receivables decreased $109,840, while cash and cash equivalents increased by $39,990, accounts receivable increased by $7,559 and prepaid items decreased by $25,750. The decrease in intergovernmental receivables is due to the school utilizing available federal funds more effectively and, therefore, having less carryover than in the prior year.

Table 2 shows the changes in net assets for fiscal year 2006 compared to fiscal year 2005, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Assets

	2006	2005
Operating Revenues:		
Foundation Payments	$ 2,101,394	$ 1,491,395
Poverty Based Aide	27,319	56,000
Special Education	186,383	166,609
Lunchroom Sales	12,915	18,727
Classroom Fees	4,961	14,772
Other Revenues	11,300	14,798
Total Revenues	2,344,272	1,762,301
Operating Expenses		
Salaries	1,575,958	1,149,569
Fringe Benefits	422,519	314,735
Purchased Services	698,845	544,850
Materials and Supplies	246,663	114,164
Depreciation	65,160	59,105
Other Expenses	10,268	6,051
Total Expenses	3,019,413	2,188,474
Non-Operating Revenues and (Expenses)		
Operating Grants - Federal	546,111	428,596
Operating Grants - State	27,353	47,178
Contributions	6,000	
Interest	176	133
Proceeds		3,371
Interest and Fiscal Charges	(21,256)	(14,311)
Total Non-Operating Revenues and (Expenses)	558,384	464,967
Increase / (Decrease) in Net Assets	$ (116,757)	$ 38,794

While operating revenues increased from 2005 to 2006, operating expenses also increased. This and an increase in non-operating revenues produced an overall decrease in Net Assets of $116,757. There was an increase in operating revenues of $581,971 and an increase in operating expenses of $830,939 from 2005. Of the $2,344,272 in revenues, the foundation payments increased by $609,999, poverty based assistance decreased by $28,681 and the Special Education increased by $19,774. Community Schools receive no support from tax revenues.

For 2006, the expense for salaries increased by $426,389, and the expense for fringe benefits increased by $107,784. This was primarily due to hiring of more staff and an increase in insurance costs during fiscal year 2006. Purchased services expense increased by $153,995 from 2005 due to the increase in building expenses, and material and supplies expense increased by $132,499 from 2005 due increased costs associated with the addition of an elementary school. For 2006, depreciation expense increased by $6,055 due to asset additions.

Capital Assets

At the end of fiscal year 2006, the School had $150,765 (net of $220,384 in accumulated depreciation) invested in furniture, fixtures and equipment and leasehold improvements. Table 3 shows fiscal year 2006 balances compared to fiscal year 2005:

(Table 3)
Capital Assets at June 30
(Net of Depreciation)

	2006	2005
Furniture, Fixtures, and Equipment	$ 100,352	$ 78,247
Leasehold Improvement	50,413	81,720
Totals	$ 150,765	$ 159,967

For more information on capital assets, see Note 6 to the basic financial statements.

Debt

At June 30, 2006, the School had $232,641 in outstanding debt, $103,209 of which is due within one year. Table 4 summarizes the debt outstanding.

(Table 4)
Outstanding Debt, at Year End

	2006	2005
Short-Term Note Payable	$ 64,950	$ 49,990
Long-Term Installment Note	$ 101,863	$ 118,379
Capital Lease Obligations	65,828	32,142
Total Outstanding Debt	$ 232,641	$ 200,511

For more information on debt see Note 8 to the basic financial statements.

Current Financial Issues

The Family Learning Center of Northwest Ohio, Inc. d.b.a. Alliance Academy of Toledo was formed in 2000 and approved for operation under a five-year contract with the Lucas County Educational Service Center (the Sponsor) which was renewed annually through the FY 2006 school year. At the beginning of FY 2007, a new sponsorship contract with Buckeye Community Hope Foundation began. This contract was signed and approved in April 2006. During the 2005/2006 school year, there were approximately 340 students enrolled in the School. The School receives its finances mostly from state aide. Per pupil aide for fiscal year 2006 amounted to $ 5,283 per student.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Jerri Heer, Administrative Director at Alliance Academy of Toledo, 1501 Monroe Street, 2nd Floor, Toledo, Ohio 43604-1752 or e-mail at: jheer@alliance-academy.org .

FAMILY LEARNING CENTER
LUCAS COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2006

Assets		
Current Assets:		
Cash and Cash Equivalents	$	81,927
Cash Held in Escrow		2,000
Receivables:		
Accounts Receivables		7,559
Intergovernmental Receivables		72,179
Prepaid Items		1,354
Total Current Assets		165,019
Non-Current Assets:		
Security Deposits		13,180
Depreciable Capital Assets, Net		150,765
Total Non-Current Assets		163,945
Total Assets		328,964
Liabilities		
Current Liabilities:		
Accounts Payable		67,427
Accrued Wages Payable		95,556
Compensated Absences Payable		22,963
Due to Students		2,835
Intergovernmental Payable		119,352
Accrued Interest Payable		162
Note Payable		64,950
Total Current Liabilities		373,245
Non-Current Liabilities:		
Due Within One Year		38,259
Due In More Than One Year		129,432
Total Non-Current Liabilities		167,691
Total Liabilities		540,936
Net Assets		
Restricted for Grants		56,665
Unrestricted		(268,637)
Total Net Assets	$	(211,972)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FAMILY LEARNING CENTER
LUCAS COUNTY

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

Operating Revenues	
Foundation Payments	$ 2,101,394
Poverty Based Assistance	27,319
Special Education	186,383
Food Service	12,915
Classroom Fees	4,961
Other Revenues	11,300
Total Operating Revenues	2,344,272
Operating Expenses	
Salaries	1,575,958
Fringe Benefits	422,519
Purchased Services	698,845
Materials and Supplies	246,663
Depreciation	65,160
Other	10,268
Total Operating Expenses	3,019,413
Operating Loss	(675,141)
Non-Operating Revenues and Expenses	
Operating Grants - Federal	546,111
Operating Grants - State	27,353
Contributions and Donations	6,000
Interest	176
Debt Service:	
Interest and Fiscal Charges	(21,256)
Total Non-Operating Revenues and Expenses	558,384
Change in Net Assets	(116,757)
Net Assets (Deficit) at Beginning of Year, Restated	(95,215)
Net Assets (Deficit) at End of Year	$ (211,972)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FAMILY LEARNING CENTER
LUCAS COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:	
Cash Received from Foundation Payments	$ 2,336,238
Cash Received for Food Services	12,915
Cash Received from Classroom Fees	4,961
Cash Received from Other Operating Revenues	15,773
Cash Payments to Suppliers for Goods and Services	(974,220)
Cash Payments to Employees for Services	(1,663,452)
Cash Payments for Employee Benefits	(331,000)
Net Cash Used for Operating Activities	(598,785)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received - Federal	660,434
Operating Grants Received - State	18,674
Contributions	6,000
Net Cash Provided by Noncapital Financing Activities	685,108
Cash Flows from Capital and Related Financing Activities:	
Cash Received from Proceeds of Loan	15,000
Payments for Capital Acquisitions	(14,458)
Principal Payments	(26,290)
Interest Payments	(20,761)
Net Cash Used for Capital and Related Financing Activities	(46,509)
Cash Flows from Investing Activities:	
Interest	176
Net Cash Provided by Investing Activities	176
Net Increase in Cash and Cash Equivalents	39,990
Cash and Cash Equivalents at Beginning of Year	43,937
Cash and Cash Equivalents at End of Year	$ 83,927

(Continued)

FAMILY LEARNING CENTER
LUCAS COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	$ (675,141)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	65,160
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(7,559)
Decrease in Intergovernmental Receivable	4,604
Decrease in Prepaid Items	25,750
Decrease in Accounts Payable	(10,839)
Decrease in Accrued Wages Payable	(86,773)
Increase in Intergovernmental Payable	77,983
Increase in Compensated Absences Payable	9,243
Decrease in Due to Students	(1,213)
Total Adjustments	76,356
Net Cash Used for Operating Activities	$ (598,785)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Family Learning Center d.b.a Alliance Academy of Toledo, (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. The School qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax exempt status.

The School was approved for operation under contract with the Lucas County Education Service Center (the Sponsor) for a period of five years commencing May 30, 2000. A new contract was signed in June 2005 that allows for annual renewals each June 30th, if both parties agree. If either party wishes to not renew the contract, a 90 day notice must be given to the other party. The Sponsor has sent notice to the School that they will not renew the contract at the end of fiscal year 2006. See Note 18 for further information. The Sponsorship agreement states the Treasurer of Lucas County Educational Service Center shall serve as the Chief Financial Officer of the School. (See note 13)

The School operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the School's one instructional/support facility staffed by 20 non-certified and 35 certificated, full-time teaching personnel who provide services to 340 students. An elementary school, addressing the needs of students in grades kindergarten through sixth, was added at the start of fiscal year 2006.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's basic financial statements consist of a statement of net assets, a statement of revenue, expenses, and changes in net assets, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position, and cash flows.

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

B. Measurement Focus

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School'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.

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

Expenses are recognized at the time they are incurred.

D. Budgetary Process

The School is required to submit a five-year budget forecast with the Ohio Department of Education, c/o Superintendent of Public Instruction.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded 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.

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of five hundred dollars. The School does not possess 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.

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

All reported capital assets 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:

Furniture and Equipment	5 years
Leasehold Improvements	5 years

G. Compensated Absences

Vacation benefits, personal leave, and professional leave are accrued as a liability as the benefits are earned if employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation, personal and professional time when earned for all employees.

H. Escrow/Security Deposits

The School entered into a lease for the use of the building for the operation of the School. Based on the lease agreement, a security deposit was required to be paid at the signing of the agreement. The deposit totaled $13,180, and is held by the lessor. Also, the School has deposited $2,000 towards the purchase of its school building which is being held in an escrow account.

I. Net Assets

Net assets represent the difference between assets and liabilities. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or regulations of other governments.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily the State Foundation Program and the State Special Education Program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

K. 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.

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

L. Cash

All monies received by the School are accounted for by the School's fiscal agent, the Lucas County Educational Service Center. All cash received by the fiscal agent is maintained in separate accounts in the School's name.

For presentation on the financial statements, investments with an original maturity of three months or less at the time they are purchased by the School are considered to be cash equivalents.

M. Intergovernmental Revenues

The School currently participates in the State Foundation Program, the Poverty Based Aid Program, and the State Special Education Program. Revenues received from these programs are recognized as operating revenues (foundation payments) in the accounting period in which they are earned and become measurable.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

For the fiscal year ending June 30, 2005, the Academy did not report the addition of a capital lease and its related liability. As a result, the changes to the beginning capital asset balance and the related liability had the following effect on beginning net assets:

Business-Type activities net assets, June 30, 2005, as Reported	$	(95,035)
Adjustments:		
Capital lease addition, Net of Accum. Dep.		31,962
Capital lease obligation		(32,142)
Business-Type activities net assets, June 30, 2005, as Restated	$	(95,215)

NOTE 4 - DEPOSITS

Custodial credit risk for deposits is the risk that in the event of bank failure, the School will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, none of the School's bank balance of $93,541 was exposed to custodial credit risk. The bank balance was covered by Federal Depository Insurance Corporation (FDIC).

NOTE 4 – DEPOSITS – (Continued)

The School has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2006, consisted of accounts receivable and intergovernmental receivables. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Title SI	$ 3,199
Title I 2006	53,672
Title IV 2006	654
Title IIA 2006	3,531
Title IID 2006	6,640
Federal Food Service	4,483
Total All Intergovernmental Receivables	$ 72,179

NOTE 6 - CAPITAL ASSETS

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

	Restated Balance at 7/1/05	Additions	Deletions	Adjustments	Balance at 6/30/06
Business-Type Activity					
Capital Assets Being Depreciated					
Furniture, Fixtures, and Equipment	$ 155,983	$ 57,868	$ -	$ (1,910)	$ 211,941
Leasehold Improvements	159,208				159,208
Total Capital Assets Being Depreciated	$ 315,191	57,868		(1,910)	371,149
Less Accumulated Depreciation:					
Furniture, Fixtures, and Equipment	77,736	(33,853)			111,589
Leasehold Improvements	77,488	(31,307)			108,795
Total Accumulated Depreciation	155,224	(65,160)			220,384
Business-Type Activity Capital Assets, Net	$ 159,967	$ (7,292)	$ -	$ (1,910)	$ 150,765

NOTE 7 - RISK MANAGEMENT

A. Property and Liability

The School 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. For the fiscal year ended 2006, the School contracted with the Cincinnati Insurance Company and the Indiana Insurance Company with the following insurance coverage:

Commercial General Liability per Occurrence ($500 Deductible)	$1,000,000
Commercial General Liability Aggregate	2,000,000
Director & Officer Liability per Occurrence ($5,000 Deductible)	1,000,000
Director & Officer Liability Aggregate	1,000,000

The School owns no property, but leases a facility located at 1501 Monroe Street, Toledo, Ohio. (See Note 16)

B. Workers' Compensation

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

C. Employee Medical, Dental and Vision Benefits

The School has contracted through the Lucas County Educational Service Center to provide employee medical, dental, and vision insurance to its full time employees who work thirty or more hours per week. The School pays seventy-five percent of the monthly premiums for medical coverage and fifty percent for dental and vision coverage.

NOTE 8 - NOTES PAYABLE AND LONG-TERM DEBT

On October 23, 2003, the School entered into a revolving line of credit, establishing a note for $50,000, payable on demand. The note has no maturity date. On September 19, 2005, the School added $15,000 to the line of credit. As of June 30, 2006, $64,950 was the current balance on the note. The loan is collateralized by all business assets of the School.

Short-Term Debt	Balance 07/01/05	Additions	Reductions	Balance 06/30/06
Note Payable	$ 49,990	$ 15,000	$ 40	$ 64,950
	$ 49,990	$ 15,000	$ 40	$ 64,950

On August 28, 2003, the School entered into a note, in the amount of $150,000. This note was used primarily for facility improvements. The note bears an interest rate of 10.25 percent. As of June 30, 2006, $101,863 was the current balance on the note. The loan matures on August 28, 2010, and is collateralized by all business assets.

NOTE 8 - NOTES PAYABLE AND LONG-TERM DEBT – (Continued)

Long-Term Debt	Balance 07/01/05	Additions	Reductions	Balance 06/30/06	Amounts Due in One Year
Note Payable	$ 118,379		$ 16,516	$ 101,863	$ 23,284
Capital Lease Obligations	32,142	43,410	9,126	65,828	14,975
Total	$ 150,521	$ 43,410	$ 25,642	$ 167,691	$ 38,259

The following is a schedule of the School's long-term notes payable requirements as of June 30, 2006:

Year Ending June 30,	Principal	Interest
2007	23,284	5,241
2008	22,435	3,938
2009	23,819	2,554
2010	25,288	1,085
2011	7,037	33
Total	$ 101,863	$ 12,851

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School contributes to State Employees Retirement System of Ohio (SERS), a cost sharing multiple employer defined benefit pension plan administered by the State Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to State Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

For the fiscal year 2006, plan members were required to contribute 10 percent of their annual covered salary and the School was required to contribute an actuarially determined rate. The employer rate for period ending June 30, 2006, was 14 percent of annual covered payroll; 10.58 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School's required contribution for pension obligations to SERS for the fiscal year June 30, 2006, 2005, and 2004, was $37,021, $37,171 and $28,677; 93.15 percent has been contributed for fiscal year 2006 and 100 percent has been contributed for fiscal years 2005 and 2004. $8,658 represents the unpaid contribution for fiscal year 2006. The balance outstanding is reflected as an intergovernmental payable.

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

B. State Teachers Retirement System of Ohio

The School 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.

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.

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 fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School 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 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 School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were $170,717, $108,344, and $54,739, respectively; 74.7 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. $59,905 represents the unpaid contribution for fiscal year 2006. The balance outstanding is reflected as an intergovernmental payable.

NOTE 10 - POSTEMPLOYMENT BENEFITS

The School 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 School, this amount equaled $13,132 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.

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 School, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled $19,018.

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 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation are derived from policies and procedures approved by the Governing Board. Two members of the management team and one other employee had vacation leave earned in the year that had not been used at year-end. Unused vacation leave is shown as a current liability on the Statement of Net Assets.

All full-time employees earn one day of personal leave and one day of professional leave each quarter. Employees may carry one day of each into the new fiscal year. Unused personal leave and unused professional leave are shown as a current liability on the Statement of Net Assets.

B. Insurance Benefits

The School has contracted through the Lucas County Educational Service Center to provide dental and medical/surgical benefits to its full-time employees. The School also provides vision benefits to most employees through Vision Service Plan.

NOTE 12 – CONTINGENCIES

A. Grants

The School 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 School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2006.

B. State Funding

The Ohio Department of Education (ODE) reviews enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of said review for fiscal year 2006, the School's state foundation funding will be decreased $21,142 which is reflected as an intergovernmental payable on the financial statements.

C. 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 Family Learning Center is not presently determinable.

NOTE 13 - FISCAL AGENT

The School entered into a service agreement with the Treasurer of the Lucas County Educational Service Center to serve as Chief Fiscal Officer of the School. As part of the agreement, the School shall compensate the Lucas County Educational Service Center two percent (2%) of the per pupil allotment paid to the School from the State of Ohio. A total contract payment of $57,696 was paid during the fiscal year.

The Treasurer shall perform all of the following functions while serving as the Chief Fiscal Officer of the School:

- Maintain custody of all funds received by the School in segregated accounts separate from the Sponsor or any other Community School's funds;

- Maintain all books and accounts of the School;

- Maintain all financial records of all state funds of the School and follow State Auditor procedures for receiving and expending state funds;

- Assist School in meeting all financial reporting requirements established by the Auditor of Ohio;

- Invest funds of the School in the same manner as the funds of the Sponsor are invested, but the Treasurer shall not commingle the funds with any of the Sponsor or any other community School; and

- Pay obligations incurred by the School within a reasonable amount of time, not more than 14 calendar days after receipt of a properly executed voucher signed by the Chief Administrative Officer of the School so long as the proposed expenditure is within the approved budget and funds are available.

NOTE 14 - PURCHASED SERVICES

For the period July 1, 2005, through June 30, 2006, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and Technical Services	$	127,352
Property Services		440,192
Travel Mileage/Meeting Expense		61,474
Communications		13,412
Utilities		29,132
Contracted Craft or Trade Services		27,283
Total Purchased Services	$	698,845

NOTE 15 - CAPITALIZED LEASE - LESSEE DISCLOSURE

The School leases three copiers under two capital leases. These leases meet 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 risks of ownership to the lessee. The capital leases have been recorded as capital assets at the present value of the future minimum lease payments as of the inception date.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2006:

Year Ending June 30,	Capital Leases
2007	$19,963
2008	19,666
2009	19,666
2010	14,494
2011	5,400
Minimum Lease Payments	79,189
Less amount representing interest at the Academy's incremental borrowing rate of interest	(13,361)
Present value of minimum lease payments	$65,828

NOTE 16 - OPERATING LEASES – LESSEE DISCLOSURE

The School entered into a lease for the period August 1, 2005, through July 31, 2006, with Luttenberger & Company to lease space to house the School. In February 2006, the School renegotiated the lease for a term commencing August 15, 2005, and terminating August 14, 2006, with four one-year renewal terms through August 14, 2010. From August 15, 2005 through August 14, 2006, $20,306 was paid for the second floor Junior High and High School spaces. Additional space for elementary school was $18,400 per month, with a 50% reduction applied for a total actual rent paid of $9,100 per month. Renewal terms can be negotiated but not to exceed $18,400 per month for the first renewal and not to exceed 3% increase for each subsequent renewal. Payments made totaled $323,804 for the fiscal year ended June 30, 2006.

The following is a schedule of the future minimum payments required under the operating lease as of June 30, 2006.

Fiscal Year Ending,	Facility Rental
2007	$ 390,072
2008	464,472
2009	464,472
2010	464,472
2011	58,812
Total	$ 1,842,300

NOTE 17 - RELATED PARTY TRANSACTION

Letha Ferguson, Education Director, is the sister of Board Member Marsha Penner. Ms. Ferguson received payments or had amounts paid on her behalf totaling $56,073 for the following expenses: Salary of $49,183 and employee benefits of $6,885.

NOTE 18 - SUBSEQUENT EVENTS

Beginning July 1, 2006, the School contracted with Buckeye Community Hope Foundation to become its sponsor. The initial term of the contract ends on June 30, 2009. At July 1, 2006, the School also brought fiscal operations in-house and discontinued its relationship with Lucas County Educational Service Center as its fiscal agent.

NOTE 19 – MANAGEMENT'S PLANS REGARDING ACCUMULATED DEFICIT

The School increased the 2005 accumulated deficit by $116,757 to $211,972, and has a decrease in net assets of $116,757 for the year ended June 30, 2006. It is management's plan to eliminate the deficit with the following actions:

- Increase student population;
- Control spending through efficient use of personnel; and
- Stabilize rent payments through purchase of the building.

FAMILY LEARNING CENTER
LUCAS COUNTY

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2006

FEDERAL GRANTOR **Pass Through Grantor** Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Nutrition Cluster:				
School Breakfast Program	05PU-2005	10.553	$ 15,660	$ 15,660
	05PU-2006	10.553	32,556	32,556
Total School Breakfast Program			48,216	48,216
National School Lunch Program	LLP4-2005	10.555	24,366	24,366
	LLP4-2006	10.555	54,508	54,508
Total National School Lunch Program			78,874	78,874
Total U.S. Department of Agriculture			**127,090**	**127,090**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Title I Grants to Local Educational Agencies	C1S1-2004	84.010		82
	C1S1-2005	84.010	34,886	36,484
	C1S1-2006	84.010	247,597	208,801
	C1SK-2005	84.010	20,423	31,973
	C1SK-2006	84.010	60,999	54,579
Total Title I Grants			363,905	331,919
Special Education_Grants to States	6BSF-2005	84.027	10,922	12,605
(IDEA, Part B)	6BSF-2006	84.027	117,979	115,394
Total Special Education_Grants to States			128,901	127,999
Safe and Drug-Free Schools and				
Communities_State Grants (Title IV, Part A)	DRS1-2006	84.186	3,802	3,612
Total Safe and Drug-Free Communities			3,802	3,612
State Grants for Innovative Programs	C2S1-2005	84.298	(162)	
(Title V, Part A)	C2S1-2006	84.298	2,876	2,715
Total Title V Grants			2,714	2,715
Education Technology State Grants	TJS1-2005	84.318	(789)	-
(Title II, Part D)	TJS1-2006	84.318	3,867	6,940
Total Title IID Grants			3,078	6,940
Improving Teacher Quality_State Grants	TRS1-2005	84.367	1,384	3,910
(Title II, Part A)	TRS1-2006	84.367	29,562	21,295
Total Title IIA Grants			30,946	25,205
Total U.S. Department of Education			**533,346**	**498,390**
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES			**$ 660,436**	**$ 625,480**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

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

NOTE A – FEDERAL SCHEDULE ACCOUNTING

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

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require the School contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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

Family Learning Center
Lucas County
1501 Monroe Street, 2nd Floor
Toledo, Ohio 43624-1752

To the Governing Board:

We have audited the basic financial statements of the Family Learning Center, Lucas County, Ohio (the School) as of and for the year ended June 30, 2006, and have issued our report thereon dated May 11, 2007. 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 School's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the School's management dated May 11, 2007, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 11, 2007

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

Family Learning Center
Lucas County
1501 Monroe Street, 2nd Floor
Toledo, Ohio 43624-1752

To the Governing Board:

Compliance

We have audited the compliance of the Family Learning Center, Lucas County, Ohio (the School) 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 identifies the School's major federal program. The School'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 School'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 School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the Family Learning Center complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

The School'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 School'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 11, 2007

FAMILY LEARNING CENTER
LUCAS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Mary Taylor, CPA
Auditor of State

FAMILY LEARNING CENTER

LUCAS 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
JUNE 7, 2007

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