INTERNATIONAL COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2007

INTERNATIONAL COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

International College Preparatory Academy
Hamilton County
7030 Reading Road, Suite 130
Cincinnati, Ohio 45237

To the Board of Directors:

We were engaged to audit the accompanying basic financial statements of International College Preparatory Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the School's management.

Auditing Standards Section 333 requires us to obtain written representations from the Treasurer and a Board Member, and expressly states this requirement applies even if these officials were not present during all periods covered by the audit. The Treasurer declined to provide written representations related to the financial statements; completeness of information; and recognition, measurement and disclosure of misstatements, fraud, unasserted claims, undisclosed liabilities and violations of laws and regulations.

Since the Treasurer did not provide written representations related to the issues described in the preceding paragraph, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

As shown in the financial statements, the School has a working capital deficiency of $3,376,621 and total negative net assets of $3,213,003 as of June 30, 2007. The School ceased operations on November 14, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2008, 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 procedures performed in accordance with *Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our procedures.

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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. As a result of such limited procedures, we believe that the Management's Discussion and Analysis is not in conformity with accounting principles generally accepted in the United States because the School did not present the analysis of significant changes in results of operations.

We did not 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 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. However, because we did not express an opinion on the financial statements, and because Treasurer did not provide written representations related to the federal awards expenditure schedule, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express an opinion on this information in relation to the financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 11, 2008

INTERNATIONAL COLLEGE PREPARATORY ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(UNAUDITED)

The discussion and analysis of the International College Preparatory Academy Community School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2007. 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 Standard 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 increased $238 from the beginning of the year.
- Total assets decreased $453,958 from the beginning of the year. This decrease was the result of the School paying off liabilities during the year.
- Liabilities decreased $454,197 from the beginning of the year mainly due to the management company covering the loss for the fiscal year 2006-2007.

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.

Statement of Net Assets

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets answers the question, "How did we do financially during 2007"? This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets for fiscal year 2007 and fiscal year 2006

(Table 1)
Net Assets

	2007	2006
Assets		
Current Assets	$ 310,234	$ 733,237
Land	$ -	$ -
Capital Assets, Net	$ 163,617	$ 194,572
Total Assets	$ 473,851	$ 927,809
Liabilities		
Current Liabilities	$ 3,686,854	$ 4,141,051
Total Liabilities	$ 3,686,854	$ 4,141,051
Net Assets		
Invested in Capital Assets	$ 163,617	$ 194,572
Unrestricted	$(3,376,621)	$(3,407,814)
Total Net Assets	$(3,213,003)	$(3,213,242)

Total assets decreased $453,958 from the beginning of the year. Decrease is due to a smaller balance in equity pooled cash. Liabilities decreased $454,197 from the beginning of the year mainly due to the management company covering the loss for the fiscal year 2006-2007. Capital Assets decreased by $30,955 which was a result of depreciation.

Table 2 shows the changes in net assets for fiscal year 2007 and fiscal year 2006, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Assets

	2007	2006
Operating Revenue		
Extracurricular and Lunchroom Sales	12,808	18,844
Foundation Payments	3,336,403	2,690,480
Poverty Based Assistance	665,846	572,129
Other Revenues	1,587,403	13,670
Non-Operating Revenue		
Federal and State Grants	631,121	1,093,658
Interest Income	14,720	8,873
Federal and State Meal Subsidies	269,306	178,023
Total Revenue	6,517,607	4,575,677
Operating Expenses		
Salaries	2,285,140	2,083,220
Fringe Benefits	660,997	563,544
Purchased Services	2,365,771	2,243,899
Materials and Supplies	716,014	613,459
Cost of Sales-Lunchroom	251,484	172,990
Depreciation	68,950	74,056
Other Expenses	169,013	167,428
Total Expenses	6,517,369	5,918,596
Change in Net Assets	238	(1,342,919)

Net Assets Beginning of Year	(3,213,241)	(1,870,322)
Ending Net Assets	(3,213,003)	(3,213,241)

Community Schools receive no support from tax revenues.

Capital Assets

At the end of fiscal year 2007 the School had $163,617 (net of depreciation), invested in furniture, fixtures, and equipment, which represented a decrease of $ 30,955 from 2006.

Current Financial Issues

The International College Preparatory Academy was formed in 2003, with its first year of operation in 2003-2004. Hence 2006-2007 is the fourth year of operation. During the 2006-2007 school year, there were approximately 600 students enrolled in the School. The School receives its finances mostly from state aide. Base per pupil aide for fiscal year 2007 amounted to $5,403 per student. The school had a deficit of $3,213,003 at June 30, 2007.

Contacting the School's Financial Management

This financial report is designed to provide our citizen's 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 International College Preparatory Academy, 7030 Reading Suite 130, Cincinnati, Ohio 45237.

International College Preparatory Academy
Statement of Net Assets
June 30, 2007

Assets	FY 07	FY 06
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$219,504	$565,585
Intergovernmental Receivables (non-operating activities)	90,730	167,652
Total Current Assets	310,234	733,237
Non-Current Assets:		
Capital Assets:		
Depreciable Capital Assets, Net	163,617	194,572
Total Non-Current Assets	163,617	194,572
Total Assets	$473,851	$927,809
Liabilities		
Current Liabilities:		
Accounts Payable	57,052	107,881
Accrued Wages and Benefits	217,114	185,901
Intergovernmental Payable	0	114,793
Management Company Payable	3,412,688	3,732,476
Total Current Liabilities	3,686,854	4,141,051
Total Liabilities	3,686,854	4,141,051
Net Assets		
Invested in Capital Assets:	163,617	194,572
Unrestricted-Accumulated Surplus/(Deficit)	($3,376,621)	($3,407,814)
Total Net Assets	($3,213,003)	($3,213,242)

See accompanying notes to the basic financial statements

International College Preparatory Academy

Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2007

Operating Revenues	**FY 07**	**FY 06**
Extracurricular and Lunchroom Sales	$12,808	$18,844
Foundation Payments	3,336,403	2,690,480
Poverty Based Assistance (fka DPIA)	665,846	572,129
Other Revenues	1,587,403	13,670
Total Operating Revenues	5,602,460	3,295,123
Operating Expenses		
Salaries	2,285,140	2,083,220
Fringe Benefits and Payroll Taxes	660,997	563,544
Purchased Services	2,365,771	2,243,899
Materials and Supplies	716,014	613,459
Cost of Sales - Lunchroom	251,484	172,990
Depreciation	68,950	74,056
Other	169,013	167,428
Total Operating Expenses	6,517,369	5,918,596
Operating Loss	(914,909)	(2,623,473)
Non-Operating Revenues and (Expenses)		
Other Federal and State Grants	631,121	1,093,658
Interest Income	14,720	8,873
Federal and State Meal Subsidies	269,306	178,023
Total Non-Operating Revenues and Expenses	915,147	1,280,554
Income Before Contributions	238	(1,342,919)
Capital Contributions	0	0
Change in Net Assets	238	(1,342,919)
Net Assets Beginning of Year (restated)	(3,213,241)	(1,870,322)
Net Assets End of Year	($3,213,003)	($3,213,241)

See accompanying notes to the basic financial statements

International College Preparatory Academy
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007

Increase (Decrease) in Cash and Cash Equivalents:	**FY 07**	**FY 06**
Cash Flows from Operating Activities:		
Cash Received from Customers	$12,808	$18,844
Cash Received from Others	40,468	7,427
Cash Received from Foundation Payments	3,221,609	2,690,480
Cash Received from Poverty Based Assistance	665,846	686,581
Cash Payments to Suppliers for Goods and Services	(2,132,950)	(1,386,455)
Cash Payments to Employees for Services	(2,304,592)	(2,005,195)
Cash Payments for Employee Benefits	(634,254)	(507,159)
Cash Payments to Others	(169,090)	(166,921)
Net Cash Used for Operating Activities	(1,300,155)	(662,398)
Cash Flows from Noncapital Financing Activities:		
Federal and State Subsidies Received	236,845	176,996
Operating Grants Received	740,504	1,038,209
Net Cash Provided by Noncapital Financing Activities	977,349	1,215,205
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions	(37,995)	(66,139)
Net Cash Used for Noncapital Financing Activities	(37,995)	(66,139)
Cash Flows from Investing Activities:		
Other Non-Operating Revenues	14,720	8,873
Net Increase (Decrease) in Cash and Cash Equivalents	(346,081)	495,540
Cash and Cash Equivalents at Beginning of Year	565,585	70,045
Cash and Cash Equivalents at End of Year	$219,504	$565,585

International College Preparatory Academy
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2007
(continued)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	**FY 07**	**FY 06**
Operating Loss	($914,909)	($2,623,473)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	68,950	74,056
Changes in Assets and Liabilities:		
Decrease / (Increase) in Intergovermental Receivable Operating Activities	0	4,801
Decrease / (Increase) in Prepaid Items	0	21,304
(Decrease) / Increase in Accounts Payable	(50,828)	83,217
(Decrease) / Increase in Due to Sponsor/State	0	(6,244)
(Decrease) / Increase in Accrued Wages and Benefits	31,213	49,294
(Decrease) / Increase in Intergovernmental Payable	(114,793)	114,792
(Decrease) / Increase in Management Company Payable	(319,788)	1,624,322
Total Adjustments	(385,246)	1,965,542
Net Cash Used for Operating Activities	(1,300,155)	(657,931)

See accompanying notes to the basic financial statements

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

International College Preparatory Academy, Hamilton County, Ohio (the School), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through ninth. 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. International College Preparatory Academy Community School may apply and qualify 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 Board of Trustees of the University of Toledo which is now referred to as Ohio Council of Community Schools (the Sponsor) for a period of five years commencing July 30, 2003. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a seven-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 8 non-certified and 43 certificated full time teaching personnel who provide services to 600 students.

The School contracts with Cincinnati Education Management LLC as the Education Provider. The Education Provider is not a division, subsidiary, or part of the Board, and functions as an independent contractor to the Board. The responsibilities of the Education Provider include: hire the School Director, with consultation from the Board; hire administrative staff as required; manage and operate the school; secure and maintain insurance; and educate the children enrolled in the School. The Education Provider is responsible and accountable to the Board for the administration, operation and performance of the School in accordance with the Charter.

Under the current agreement, the Educational Provider is paid the following percentage of revenue as fees: license fees, 6%; management fees, 8%. Also, in the event of a year-end surplus, the Educational Provider is entitled to the entire surplus as allowable by Community School Law and other applicable laws.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the International College Preparatory Academy Community 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The School uses enterprise accounting to monitor its financial records. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

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

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its sponsor. The contract between the School and its Sponsor requires the school to follow Ohio Revised Code 5705.39.1 and prepare a five year projection. However, no budgetary information is presented in the financial statements.

E. Cash Deposits

All monies received by the School are accounted for by the School's Business Manager. For cash management, all cash received by the chief financial officer is pooled in a central bank account. Total cash for the School is presented as "equity in pooled cash" on the accompanying statement of net assets.

The School had investments in commercial paper which is represented as a recurring sweep transaction in the operating account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

All reported capital assets except land 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:
Buildings and Building Improvements 1 - 50 years Furniture, Fixtures and Equipment 10 - 20 years Vehicles 3 - 10 years

G. Net Assets

Net assets represent the difference between assets and liabilities. Invested in capital assets, consists of capital assets, net of accumulated depreciation.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily foundation payments from the state and sales for food service. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. 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.

3. DEPOSITS

At fiscal year end, the carrying amount of the School's deposits was ($90,218), and the bank balance was $86,216. Of the bank balance, $86,216 was covered by federal depository insurance.

Investments: The School had Commercial Paper of $ 309,722.81 at June 30, 2007.

As of June 30, 2007, the school had the following investments. All investments are in an investment pool

	Fair Value
Commercial Paper	$309,722.81

Interest Rate Risk: The School has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School, and that an investment must be purchased with the expectation that it will be held to maturity. Commercial paper must mature within 180 days.

3. DEPOSITS (Continued)

Credit Risk: The underlying securities of the repurchase agreement (Freddie Mac Collateralized Mortgage Obligation and Federal national Mortgage Association) carry a rating of Aaa by Moody's and AAA by Standard & Poor's The School does not have an investment policy that addresses investment credit risk beyond the requirements in the State statute.

Concentration of Credit Risk: The School's investments in commercial paper represents 100 percent of the School's total investments.

4. RECEIVABLES

Receivables at June 30, 2007, consisted of inter-governmental 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:

Federal Lunch $55,023.21
Federal Entitlement Grants 35,706.32

Total All Intergovernmental Receivables $ 90,729.53

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007:

	Balance 6/30/06	Additions	Deletions	Balance 6/30/07
Business-Type Activity				
Capital Assets Being Depreciated				
Furniture, Fixtures, and Equipment	352,224	37,995	0	390,219
Total Capital Assets Being Depreciated	352,224	37,995	0	390,219
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(157,652)	(68,950)	0	(226,602)
Vehicles	0	0	0	0
Total Accumulated Depreciation	(157,652)	(68,950)	0	(226,602)
Total Capital Assets Being Depreciated, Net	194,572	(30,955)	0	163,617
Business-Type Activity Capital Assets, Net	$194,572	($30,955)	$0	$163,617

6. 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. During fiscal year 2007, the School contracted with St. Paul Fire and Marine Insurance Company for general liability and property insurance and Steadfast Insurance Company for educational errors and omissions insurance. Settled claims have not exceeded this commercial coverage since formation of School. There has been no significant change in insurance coverage from last year.

B. Workers Compensation

The School pays the State Workers' 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.

7. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School 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.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 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 School's required contributions for pension obligations to SERS for the fiscal year ended June 30, 2007, 2006, and 2005 were $105,333,$94,250, $74,497 respectively. 100 percent has been contributed for the fiscal year 2007 and 100 percent for fiscal years 2006, and 2005.

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 website at www.strsoh.org.

7. DEFINED BENEFIT PENSION PLANS (Continued)

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 times 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 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, 2007, 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 2006, 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 School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were $ 203,007, $178,773, and $107,353respectively. 100 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006, and 2005. Contributions to the DC and combined plans for fiscal year 2007 were $145,005 made by the plan members.

8. 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 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, 2007, 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 $10,533 for fiscal year 2007.

8. POSTEMPLOYMENT BENEFITS (Continued)

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, the balance in the Fund was $4.07 billion. For the year ended June 30, 2007, net health care costs paid by STRS Ohio were $265,558,000 and STRS Ohio had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal 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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll compared to 3.42 percent of covered payroll for fiscal 2006. 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 2007, 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 2007 fiscal year equaled $15,048.

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 annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2007, were $195,496,097 and the target level was $274.4 million. At June 30, 2007, SERS had net assets available for payment of health care benefits of $300.8 million. SERS has approximately 50,000 participants eligible to receive benefits.

9. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the Board of Directors.

Vacation Leave: Calendar year employees who are regularly scheduled to work 25 or more hours per week are eligible for vacation leave. Teachers or employees following the academic year calendar are not eligible for vacation leave. Unused accrued vacation leave days may be carried forward into the next year at the rate of one-half of the employee's annual accrual rate. The vacation carried forward is determined as of August 31 each year. Employees who have one year of service or more have access to 50% of their annual vacation accrual at September 1.

If an employee's employment terminates, only the days fully earned at the time of termination would be accrued. No cash out of vacation accrued from year to year unless specifically granted through approval by the President. Accrued vacation leave in excess of amount allowed to be carried forward at September 1 is lost. Upon resignation and receipt of at least two weeks' notice, the Employer will pay in a lump sum payment an amount equal to the individual's daily rate times the number of unused accrued vacation leave days as of the termination date.

9. EMPLOYEE BENEFITS (Continued)

Sick Leave: All staff regularly scheduled to work 25 or more hours per week are eligible for sick leave. Teachers and academic year staff accrue one day per month September through May (up to 9 days accrued in an academic year). Calendar year staff accrues one day per month. Maximum days that can be accrued are 120 days. Accrual ceases until balance falls below maximum days. Sick leave is a privilege and is not to be used for any purposes
other than those identified in the sick leave policy. Sick leave is never converted into cash payments.

B. Insurance Benefits

The School provides life, dental and medical/surgical benefits to most employees through Anthem Blue Cross/Blue Shield, Ameritas and Sun Life.

10. 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 grants agreement, and is 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, 2007.

B. State Funding

The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews ensure the schools are reporting accurate student enrollment data of the State, upon which state foundation funding is calculated. For fiscal year 2007, the review was completed in October 2007. For the School, there was an adverse finding of $47,840 and is being investigated by the school. This variance does not exist as per the records of the school as well as with its data site SWOCA. After inquiring with the state these funds were not reimbursed or recouped by the school.

11. NET WORKING CAPITAL DEFICIENCY

At June 30, 2007, the School had a net deficiency of $3,213,003, meaning that current liabilities were in excess of current assets by this amount. Management feels that much of this deficiency is the result of lower student enrollment than anticipated.

12. PURCHASED SERVICES

Purchased services were composed of the following:
Utilities $147,022
Rents 1,283,450
Advertising 34,147
Sponsor Oversight Fees 117,102
Contract Services 219,808
Royalty Fees 235,745
Management Fees 314,328

Total: $2,351,604

13. OPERATING LEASE

During the year ended June 30, 2007, the School leased classroom facilities and offices for a period of five years. The lease also grants the School an automatic 5 year renewal, upon the renewal of the School's charter. The lease payments are $106,954.17 a month payable in monthly installments. Payments totaled $1,283,450 for fiscal year 2007.

The following is a schedule of the future minimum lease payments required under the operating lease as of June 30, 2007.

Fiscal Year Ending June 30, 2008	
2008	$ 1,375,125

14. SUBSEQUENT EVENTS

As of June 30, 2008 the school did not renew its contract with Cincinnati Education Management LLC. The school was currently sponsored by Educational Resource Consultants of Ohio and managed by DDS consultants. Effective ????? the school is now closed.

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INTERNATIONAL COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007

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 Eduction:				
Child Nutrition Cluster				
School Breakfast Program	05PU	10.553	$64,287	$64,287
National School Lunch Program	LLP4	10.555	158,768	158,768
Total Child Nutrition Cluster			223,055	223,055
Total U.S. Department of Agriculture			**223,055**	**223,055**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Cluster				
Title VI-B: Special Education Grants to States	6BSA/SD/SF	84.027	120,886	125,590
Special Education - Preschool Grant	PGS1	84.173	87	
Total Special Education Cluster			120,973	125,590
Title I: Grants to Local Educational Agencies	C1S1	84.010	545,256	408,539
Safe and Drug Free Schools	DRS1	84.186	8,708	13,645
Title V: Innovative Education Program Strategies	C2S1	84.298	299	1,029
Title II-D: Education Technology	TJS1	84.318	19,887	3,738
Improving Teacher Quality	TRS1	84.367	26,655	29,882
Total U.S. Department of Education			**721,778**	**582,423**
Total			**$944,833**	**$805,478**

The accompanying notes are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the School'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.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that 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*

International College Preparatory Academy
Hamilton County
7030 Reading Road, Suite 130
Cincinnati, Ohio 45237

To the Board of Directors:

We were engaged to audit the basic financial statements of International College Preparatory Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2007, and have issued our report thereon dated December 11, 2008 wherein we noted that the School has a working capital deficiency of $3,376,621, total negative net assets of $3,213,003 and ceased operations on November 14, 2008. Our report also indicated that because we did not obtain written representations from the Treasurer, we did not express an opinion on the financial statements.

Internal Control Over Financial Reporting

In planning and performing our procedures, we considered the School's internal control over financial reporting but not to but not to opine on the effectiveness of the School's internal control over financial reporting.

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

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

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

We noted certain matters that we reported to the School's management in a separate letter dated December 11, 2008.

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 did note certain noncompliance or other matters that we reported to the School's management in a separate letter dated December 11, 2008.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, the Community School's 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

December 11, 2008

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

International College Preparatory Academy
Hamilton County
7030 Reading Road, Suite 130
Cincinnati, Ohio 45237

To the Board of Directors:

Compliance

We were engaged to audit the compliance of International College Preparatory Academy, Hamilton 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, 2007. 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. We did not obtain written representations from the Treasurer and did not express an opinion on the financial statements.

We conducted our procedures 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 express no opinion on whether the International College Preparatory Academy complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our procedures, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to administer a federal program such that there is more than a remote likelihood that the School's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Directors, the Community School's 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

December 11, 2008

INTERNATIONAL COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Disclaimer
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies in internal control 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 weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Disclaimer
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Title I – 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 FOR FEDERAL AWARDS

None.

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INTERNATIONAL COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2006-001	34 CFR Section 80.30 (C)(1), Questioned costs and 10% rule exceptions	Yes	

Mary Taylor, CPA
Auditor of State

INTERNATIONAL COLLEGE PREPARATORY ACADEMY

HAMILTON 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
JANUARY 13, 2009

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