



Mary Taylor, CPA  
Auditor of State



**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Technical College Preparatory World Academy  
Hamilton County  
6000 Ridge Road  
Cincinnati, Ohio 45213

To the Board of Directors:

We have audited the accompanying financial statements of the Technical College Preparatory World Academy, Hamilton County, Ohio (the School), as of and for the years ended June 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions 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 financial position of the School, as of June 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the School has accumulated deficits of \$521,719 and \$708,660 at June 30, 2007 and 2006 respectively. The financial statements do not include any adjustments relating to the amounts and classifications of liabilities that might be necessary if the District is unable to meet its debts as they come due or if these debts require adjustment under the provisions of Chapter Nine of the Federal Bankruptcy Code. Note 13 also describes Management's plans regarding this matter.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2009, 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.

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

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

**Mary Taylor, CPA**  
Auditor of State

May 7, 2009

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Unaudited)**

The discussion and analysis of the Technological College Preparatory (TCP) World Academy Community School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2007 and 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 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, the School's net assets decreased \$378,928 in fiscal year 2006 while Liabilities increased \$383,546. This was the result of the school incurring filing penalties from the Internal Revenue Service and payables to Ohio Department of Education for foundation overpayments.
- In total, the School's net assets increased \$186,941 in fiscal year 2007 while Liabilities decreased \$77,552. This was the result of the school partially repaying penalties from the Internal Revenue Service and payables to Ohio Department of Education for foundation overpayments.
- Total revenues increased by \$159,159 in fiscal year 2006 and by \$235,268 in fiscal year 2007. Total expenses increased in 2006 by \$136,664, but decreased by \$330,601 in 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.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Unaudited)**

Statement of Net Assets

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets answer the question, "How did we do financially during 2007 and 2006?" 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, 2006 and fiscal year 2005:

(Table 1)  
**Net Assets**

	2007	2006	Variance	2005	Variance
<b>Assets</b>					
Current Assets	\$92,239	\$22,541	\$69,698	\$24,622	(\$2,081)
Capital Assets, Net	58,197	18,506	39,691	11,807	6,699
<b>Total Assets</b>	<b>150,436</b>	<b>41,047</b>	<b>109,389</b>	<b>36,429</b>	<b>4,618</b>
<b>Liabilities</b>					
Current Liabilities	672,155	749,707	(77,552)	366,161	383,546
Non- Current Liabilities	0	0	0	0	0
<b>Total Liabilities</b>	<b>672,155</b>	<b>749,707</b>	<b>(77,552)</b>	<b>366,161</b>	<b>383,546</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	58,197	18,506	39,691	11,807	6,699
Unrestricted	(579,916)	(727,166)	147,250	(341,539)	(385,627)
<b>Total Net Assets</b>	<b>(\$521,719)</b>	<b>(\$708,660)</b>	<b>\$186,941</b>	<b>(\$329,732)</b>	<b>(\$378,928)</b>

The Schools Net Assets increased by \$186,941 in 2007 and decreased by \$378,928 in 2006. The increase in 2007 was primarily the result of the purchase of copiers and leasehold improvements. While the decrease in 2006 was due to Ohio Department of Education Foundation overpayments and filing penalties owed to the IRS for delinquent 990's.



**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Unaudited)**

Table 2 shows the changes in net assets for fiscal year 2007, 2006 and fiscal year 2005, as well as a listing of revenues and expenses.

(Table 2)

**Change in Net Assets**

	2007	2006	Variance	2005	Variance
Operating Revenues:					
Foundation Payments	\$1,936,000	\$1,775,451	\$160,549	\$1,665,645	\$109,806
Poverty Based Assistance	371,192	301,135	70,057	291,788	9,347
Charges for Ser and Sales	1,795	1,745	50	17,464	(15,719)
Other	28,333	33,707	(5,374)	36,815	(3,108)
Non-Operating Revenues:					
Federal and State Grants	457,743	447,854	9,889	388,620	59,234
Interest	1,057	960	97	1,361	(401)
	<u>2,796,120</u>	<u>2,560,852</u>	<u>235,268</u>	<u>2,401,693</u>	<u>159,159</u>
Operating Expenses					
Salaries	1,397,615	1,454,859	(57,244)	1,507,375	(52,516)
Fringe Ben and Payroll Taxes	628,145	804,143	(175,998)	672,830	131,313
Purchased Services	286,919	323,880	(36,961)	389,246	(65,366)
Materials and Supplies	93,303	74,605	18,698	166,844	(92,239)
Depreciation	18,078	10,908	7,170	13,612	(2,704)
Other Expenses	135,467	21,713	113,754	53,209	(31,496)
Non-Operating Expenses					
Tax Penalty and Expenses	47,949	249,672	(201,723)		249,672
Loss on Disp of Cap Assets	1,703	0	1,703		0
Total Expenses	<u>2,609,179</u>	<u>2,939,780</u>	<u>(330,601)</u>	<u>2,803,116</u>	<u>136,664</u>
Change in Net Assets	<u>\$186,941</u>	<u>(\$378,928)</u>	<u>\$565,869</u>	<u>(\$401,423)</u>	<u>\$22,495</u>

The expense for salaries and fringe benefits was increased by \$78,797 from 2005. This was due to an increase in salaries during fiscal year 2006. But in fiscal year 2007, salaries and fringe benefits decreased by \$232,242 due to staff attrition.

**Capital Assets**

At the end of fiscal year 2006 the School had \$18,506 (net of depreciation), invested in Capital Assets (Net of Depreciation), which represented an increase of \$6,699 from 2005. This is primarily the result of the additional purchase of capital assets in 2006. In fiscal year 2007, the Capital Assets (net of Depreciation) increased by \$39,691 due to additions of copiers and leasehold improvements.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Unaudited)**

(Table 3)  
**Capital Assets at June 30, 2007  
(Net of Depreciation)**

	2007	2006	2005
Furniture, Fixtures, and Equipment	58,197	18,506	11,807
Totals	<u>\$58,197</u>	<u>\$18,506</u>	<u>\$11,807</u>

**Current Financial Issues**

The TCP World Academy Community School was formed in 2000. The school receives its finances mostly from state aid. During the school year 2005-2006, there were approximately 354 students enrolled in the School. In School year 2006-2007, approximately 356 students were enrolled. The School receives Foundation Payments based on enrollment.

**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 Karen Y. French, Superintendent at T.C.P. World Academy, 6000 Street, Ridge Avenue, Ohio or e-mail at [tcpworldacademy.org](mailto:tcpworldacademy.org).

**Technological College Preparatory World Academy**  
Statement of Net Assets  
As of June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$74,453	\$4,999
Intergovernmental Receivable	17,786	17,542
Total Current Assets	<u>92,239</u>	<u>22,541</u>
<b>Non-Current Assets:</b>		
Capital Assets:		
Depreciable Capital Assets, Net	58,197	18,506
Total Non-Current Assets	<u>58,197</u>	<u>18,506</u>
<i>Total Assets</i>	<u>\$150,436</u>	<u>\$41,047</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable	54,177	82,512
Accrued Wages and Benefits	241,974	217,350
Intergovernmental Payable	55,567	96,128
Due to ODE	22,816	104,045
Internal Revenue Service Payable	297,621	249,672
Total Current Liabilities	<u>672,155</u>	<u>749,707</u>
<i>Total Liabilities</i>	672,155	749,707
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt:	58,197	18,506
Unrestricted-Accumulated (Deficit)	<u>(579,916)</u>	<u>(727,166)</u>
<i>Total Net Assets</i>	<u>(\$521,719)</u>	<u>(\$708,660)</u>

See accompanying notes to the basic financial statements

**Technological College Preparatory World Academy**  
Statement of Revenues, Expenses and  
Changes in Net Assets  
For the Fiscal Year Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Operating Revenues</b>		
Foundation Payments	\$1,936,000	\$1,775,451
Poverty Based Assistance	371,192	301,135
Charges for Services	1,795	1,745
Other Revenues	28,333	33,707
	<hr/>	<hr/>
<i>Total Operating Revenues</i>	<u>2,337,320</u>	<u>2,112,038</u>
<b>Operating Expenses</b>		
Salaries	1,397,615	1,454,859
Fringe Benefits and Payroll Taxes	628,145	804,143
Purchased Services	286,919	323,880
Materials and Supplies	93,303	74,605
Depreciation	18,078	10,908
Other	135,467	21,713
	<hr/>	<hr/>
<i>Total Operating Expenses</i>	<u>2,559,527</u>	<u>2,690,108</u>
<i>Operating Loss</i>	<u>(222,207)</u>	<u>(578,070)</u>
<b>Non-Operating Revenues and (Expenses)</b>		
Other Federal and State Grants	457,743	447,854
Interest Income	1,057	960
Tax Penalty and Expenses	(47,949)	(249,672)
Loss on Disposal of Capital Assets	(1,703)	0
	<hr/>	<hr/>
<i>Total Non-Operating Revenues and Expenses</i>	<u>409,148</u>	<u>199,142</u>
<i>Change in Net Assets</i>	186,941	(378,928)
<i>Net Assets Beginning of Year</i>	<u>(708,660)</u>	<u>(329,732)</u>
<i>Net Assets End of Year</i>	<u><u>(\$521,719)</u></u>	<u><u>(\$708,660)</u></u>

See accompanying notes to the basic financial statements

**Technological College Preparatory Academy**  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents:</i></b>		
<b><u>Cash Flows from Operating Activities:</u></b>		
Cash Received from State of Ohio	\$2,225,963	\$2,142,024
Cash Received from Food Service	1,795	1,745
Cash Payments to Employees for Services and their benefits	(2,048,237)	(2,147,456)
Cash Payments to Suppliers for Goods and Services	(408,446)	(446,668)
Other Operating Revenue	34,933	36,584
Other Operating Expense	(135,638)	(19,517)
	<u>(329,630)</u>	<u>(433,288)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>		
Federal and State Subsidies Received	457,499	430,312
	<u>457,499</u>	<u>430,312</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>		
Payments for Capital Acquisitions	(59,472)	(17,607)
	<u>(59,472)</u>	<u>(17,607)</u>
<b><u>Cash Flows from Investing Activities:</u></b>		
Other Non-Operating Revenues - Interest	1,057	960
	<u>69,454</u>	<u>(19,623)</u>
Net (Decrease) in Cash and Cash Equivalents	69,454	(19,623)
Cash and Cash Equivalents at Beginning of Year	4,999	24,622
	<u>\$74,453</u>	<u>\$4,999</u>
	<u>\$74,453</u>	<u>\$4,999</u>
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>		
Operating Loss	(\$222,207)	(\$578,070)
	<u>(\$222,207)</u>	<u>(\$578,070)</u>
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>		
Depreciation	18,078	10,908
Changes in Assets and Liabilities:		
Decrease/Increase in Intergovernmental Payable - ODE	(81,229)	104,045
Decrease in Accounts Payable	(28,335)	(36,357)
Increase in Accrued Wages and Benefits	24,624	51,222
Decrease/Increase in Intergovernmental Payable	(40,561)	14,964
	<u>(107,423)</u>	<u>144,782</u>
<b>Total Adjustments</b>	<u>(107,423)</u>	<u>144,782</u>
Net Cash Used for Operating Activities	<u>(\$329,630)</u>	<u>(\$433,288)</u>

See accompanying notes to the basic financial statements

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**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006**

**NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

Quality Team Corporation operating as TCP World Academy, Hamilton County, Ohio (the School), is a non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades K through Sixth Grade. 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. Quality Team Corporation 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 Education Resources Center (the Sponsor) for a period commencing August 17, 2005 and ending June 30, 2010. 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 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 instructional/support facility staffed by 25 non-certified and 19 certificated full time teaching personnel who provide services to 356 students.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the TCP World 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.

**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.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

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

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The 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 5705.391 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 Finance Director. 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 and cash equivalents" on the accompanying statement of net assets.

The School had no investments during the fiscal year.

**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 six 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:

Furniture, Fixtures and Equipment	3 - 10 years
Leasehold Improvements	Life of Lease



**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

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

**G. Net Assets**

Net assets represent the difference between assets and liabilities; 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. The School has no debt.

**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, federal grants and sales for food service. Operating expenses are necessary costs incurred to provide the good 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.

**J. Economic Dependency**

The Academy receives approximately 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education.

**NOTE 3 - DEPOSITS**

At fiscal year end 2006, the carrying amount of the School's deposits was \$4,999 and the bank balance was \$32,969. Of the bank balance, \$100,000 was covered by federal depository insurance.

At fiscal year end 2007, the carrying amount of the School's deposits was \$74,453 and the bank balance was \$75,573. Of the bank balance, \$100,000 was covered by federal depository insurance.

*Investments:* The School had no investments at June 30, 2006 and 2007, or during the fiscal years.

**NOTE 4 - RECEIVABLES**

At June 30, 2007 and 2006, the Academy had intergovernmental receivables, in the amount of \$17,786 and \$17,542 respectively. The receivables are for Nutrition Grant Reimbursements for lunches served in May and June of the previous fiscal year.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

**NOTE 5 - CAPITAL ASSETS**

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

	Balance 6/30/05	Additions	Reductions	Balance 6/30/06
<b>Capital Assets Being Depreciated:</b>				
Furniture, Fixtures, and Equipment	\$ 70,068	\$ 12,807	\$ -	\$ 82,875
Leasehold Improvements	-	4,800	-	4,800
<b>Less Accumulated Depreciation:</b>				
Furniture, Fixtures, and Equipment	(58,261)	(9,948)	-	(68,209)
Leasehold Improvements		(960)	-	(960)
Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,807</u>	<u>\$ 6,699</u>	<u>\$ -</u>	<u>\$ 18,506</u>

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

	Balance 6/30/06	Additions	Reductions	Balance 6/30/07
<b>Capital Assets Being Depreciated:</b>				
Furniture, Fixtures, and Equipment	\$ 82,875	\$ 42,574	\$ (30,454)	\$ 94,995
Leasehold Improvements	4,800	16,898	-	21,698
<b>Less Accumulated Depreciation:</b>				
Furniture, Fixtures, and Equipment	(68,209)	(12,290)	28,751	(51,748)
Leasehold Improvements	(960)	(5,788)	-	(6,748)
Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,506</u>	<u>\$ 41,394</u>	<u>\$ (1,703)</u>	<u>\$ 58,197</u>

**NOTE 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 and 2006, the School contracted with the Hartford Insurance Company for general liability and property insurance and Hartford Insurance Company for educational errors and omissions insurance.

Coverage is as follows:

Fire Damage (Any on fire)	\$300,000
Medical Expenses (Any one person)	10,000
Personal & Adv Injury	1,000,000
General Aggregate	2,000,000
Products - Comp/Op Agg	2,000,000
Boiler and Machinery	2,000,000
Business Personal Property (\$1,000 deductible)	356,700
Computers and Media Coverage (\$250 deductible)	100,000
Money and Securities - Inside Premises	10,000
Money and Securities - Outside Premises	5,000

There were no claims against this commercial coverage in any of the past five (5) years. There has been no significant change in insurance coverage from last year.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

**NOTE 6 - RISK MANAGEMENT (Continued)**

**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.

**NOTE 7 - JOINTLY GOVERNED ORGANIZATIONS**

**Southwest Ohio Computer Association**

The Community School is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and Community Schools within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts. The governing board of SWOCA consists of the superintendent (or the superintendent's designee) from each member district. The Community School paid SWOCA \$14,372 for services provided during fiscal year 2007 and \$5,710 for fiscal year 2006. Financial information can be obtained from the fiscal agent, Butler County JVS, 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee 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 43215-3476.

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 and 2006, 10.68 percent and 10.58 percent respectively 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 years ended June 30, 2007, 2006 and 2005 were \$108,720, \$124,720 and \$103,889 respectively; 33.86 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

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 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds 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. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$119,628, \$111,206, and \$101,207 respectively; 82.38 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 \$6,424 made by the School and \$4,715 made by the plan members.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

**NOTE 9 – POSTEMPLOYMENT BENEFITS**

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), and to retired non-certificated 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 funded 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 cost 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 Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School, this amount equaled \$8,545 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 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 year 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 \$31,178.

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 year. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

**NOTE 10 - EMPLOYEE BENEFITS**

**A. Leave**

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 not be carried forward into the next year.

**Sick Leave:** Certified teachers earn one sick day each month resulting in nine sick days annually. Classified teacher assistants earn six sick days annually. Sick days with pay may not be used before they are earned. Sick days must be used during the fiscal year. Sick days do not carry over to the next year.

Full time other classified staff members earn six sick days and three personal leave days per year.

**B. Insurance Benefits**

The School provides life, dental and medical/surgical benefits to most employees through Humana.

**NOTE 11 - 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, 2007 and 2006.

**B. Full Time Equivalency**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusions of this review could result in state funding being adjusted.

**NOTE 12 – INTERGOVERNMENTAL PAYABLES**

**A. SERS/STRS Intergovernmental Payable**

At June 30, 2007 and 2006, the School had payables, in the amount of approximately \$55,567 and \$96,128 respectively. The payables are for payments in arrears of the Employer shares of SERS and STRS.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

**NOTE 12 – INTERGOVERNMENTAL PAYABLES (Continued)**

**B. ODE Intergovernmental Payable**

At June 30, 2007 and 2006, the School had payables, in the amount of \$104,045 and \$22,816 respectively. The payables are for variances between the amount of FTE foundation funding and the final comparison reports. Once the final comparison reports are complete, the Ohio Department of Education determines an appropriate payment schedule and withholds the appropriate amount from future foundation payments.

**C. Internal Revenue Service Intergovernmental Payable**

At June 30, 2007 and 2006, the School had payables, in the amount of approximately \$299,672 and \$249,672 respectively. The payables represent penalties and interest for late filings of the required Internal Revenue Service (IRS) form 990 Annual Report for 2001 through 2006. Interest accrues on the unpaid balance until paid in full. See Note 18 for further disclosure of the School's repayment to the IRS.

**NOTE 13 – DEFICIENCY IN NET ASSETS**

The School had a net asset deficiency of \$521,719 and \$708,660 at June 30, 2007 and 2006 respectively, meaning that liabilities were in excess of assets by this amount

The School has implemented the following plan to address the negative assets as of June 30, 2007 and 2006 including repayment to the IRS:

- a. Without sacrificing the quality of service, some teaching and non-teaching staff who left were not replaced, with an estimated saving of at least \$80,000 in wages, taxes, and benefits.
- b. Plan to change insurance carriers from Humana to Anthem with an estimated cost savings of \$36,000.
- c. No major repairs such as boiler, carpet installations incurred in previous fiscal years in the amount of approximately \$16,898.
- d. No major asset acquisition such as copiers, computers, and fixtures incurred in previous fiscal years for approximately \$53,677.
- e. Increase student enrollment and/or maintained current enrollment which increased by 14 students compared to previous fiscal years. The Average amount per student with anticipated increase of 2% is \$5,660 getting an estimated increase in foundation of \$79,324.

As a result of the plan, TCP is anticipating estimated savings and/or revenue increases during fiscal years 2009 and 2008. These efforts should be sufficient to pay the IRS as documented in Note 19 and should result in positive net assets as of fiscal years 2009 and 2010.

**NOTE 14 – OPERATING LEASE OF BUILDINGS**

The Superintendent of the School (The Superintendent was also the President of the Board until 7/1/06) purchased the building at 6000 Ridge Road, in which the School is currently operating, for \$ 340,000. The Superintendent leased the building to the School for \$ 6,500 a month for five (5) years ending June 2005.

On February 28, 2005, the Academy entered into a new 5- year lease commencing July 1, 2005. The new 5 year lease commits the Academy to monthly lease payments of \$7,000 (\$84,000 annually) for the period of July 2005 through June 2010. The School continued to make payment of \$6,500 for July 2005 through December 2005. This resulted in an underpayment to Ms. French of \$3,000.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 and 2006  
(Continued)**

**NOTE 14 – OPERATING LEASE OF BUILDINGS (Continued)**

The Superintendent also leases the building at 6008 Ridge Road to the School for \$1,500 a month for the period beginning July 1, 2003 and ending May 30, 2008.

Insurance of the buildings contents is the responsibility of the School.

**NOTE 15 – LOANS FROM OFFICERS/EMPLOYEES**

The Superintendent of the School (The Superintendent was also the President of the Board until 7/1/06) made loans to the School. The loans were made to cover expenses and cash shortages as the School attempted to address its financial problems. During fiscal year 2007 and 2006, additional loans were made to the School amounting to \$6,600 and \$2,877. As of June 30, 2007 and 2006, there was no outstanding balance for these loans. There were no debt agreements related to the loans that established terms, conditions, collateral or a specified interest rate.

**NOTE 16 – RELATED PARTY TRANSACTIONS**

The Superintendent's held a seat on the School Board until 7/1/06.

As described in Note 14, the School leases two buildings from the Superintendent for \$8,500 per month.

**NOTE 17 – COMPLIANCE**

Contrary to Ohio Law or United States Code:

- The School failed to timely file form 990 with the IRS since they were in established in 2001 through fiscal year 2006.
- The School had several instances of posting revenues and disbursements to the general fund rather than the proper grant funds.
- The School did not file a statement of continued existence with the Secretary of State's Office.

**NOTE 18 – SUBSEQUENT EVENTS**

On August 1, 2007, the School began making payments to the Internal Revenue Service towards the amount owed in penalty and interest for failure to file their annual report, Form 990, for fiscal years 2001, 2002, 2003, 2004, 2005, and 2006. Total payments made during fiscal year 2008 and 2009 \$120,000 and \$100,000, respectively. These payments have reduced the Schools liability to the Internal Revenue Service to approximately \$99,501 as of April 2009. Interest accrues on the unpaid balance until paid in full.

**NOTE 19 – TAX EXEMPT STATUS**

The School is a non-profit corporation established pursuant to Ohio Revised Code Chapter 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's nonprofit status. The School was approved on June 19, 2002 for tax exempt status under 501(c)3 of the Internal Revenue Code.





# Mary Taylor, CPA

Auditor of State

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

Technological College Preparatory World Academy  
Hamilton County  
6000 Ridge Road  
Cincinnati, Ohio 45213

To the Board of Directors:

We have audited the financial statements of the Technological College Preparatory World Academy, Hamilton County, Ohio (the School), as of and for the years ended June 30, 2007 and 2006, which collectively comprise the School's basic financial statements and have issued our report thereon dated May 7, 2009, wherein we noted the School has accumulated deficits of \$521,719 and \$708,660 at June 30, 2007 and 2006, respectively. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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 deficiencies in the internal control that might be significant deficiencies that are also material weaknesses. However, the significant deficiency described above, finding number 2007-002, we believe is also a material weakness.

We also noted a certain internal control matters that we reported to the School's management in a separate letter dated May 7, 2009.

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated May 7, 2009.

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Government's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management, the Community School's sponsor, and the Board of Directors. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

May 7, 2009

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2007 and 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Noncompliance**

26 United States Code Section 6652(c)(1)(A) provides that, in the case of an organization having gross receipts exceeding \$1,000,000 for any year, a penalty of \$100 a day, not to exceed \$50,000 may be charged when an annual return for an exempt organization is filed late. The penalty begins on the due date for filing Form 990 or 990-EZ.

The annual return must be filed by the 15<sup>th</sup> day of the fifth month after the end of the annual accounting period.

The School did not file form 990 from their establishment in 2001 through fiscal year 2006. The receipts of the School have exceeded \$25,000 filing exemption in each year since 2001. The 990's for fiscal years 2001 – 2006 were not filed by the required deadline. The School has incurred approximately \$297,000 in penalties and interest for failing to file the annual 990 return in a timely basis.

Failure to file the form 990 by the required deadline will cause additional penalties and interest to be incurred. We recommend that the School file 990 by the required date to avoid additional penalties, interest, and possible loss of tax exempt status.

**Officials' Response:**

Fully corrected; penalty and interest payments are required as a result of this issue and TCP is in the later half of honoring the payment plan that was set up as part of the rectification for that issue. No subsequent years' 990 have resulted in any similar findings.

**FINDING NUMBER 2007-002**

**Noncompliance/Material Weakness**

**Ohio Admin. Code, Section 117-2-02(A)**, requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of Administrative Code.

The School had the following posting errors in fiscal year 2007 and fiscal year 2006 which resulted in proposed audit adjustments and reclassifications to the financial statements:

**FINDING NUMBER 2007-002**  
**(Continued)**

<b>Description of Error</b>	<b>Audit Adjustments</b>	
	<i>Debit</i>	<i>Credit</i>
<b>FY 2006</b>		
Amount not recorded by Academy	Tax Penalty- \$249,672	Internal Revenue Service Payable- \$249,672
Amount not recorded by Academy	Foundation Payment revenue- 104,045	Due to ODE- 104,045
Amount posted to incorrect account	Foundation Payments revenue- 20,936	Poverty Based Assistance revenue- 20,936
<b>FY 2007</b>		
Amount not recorded by Academy	Tax Penalty- 47,949	Internal Revenue Service Payable- 47,949
Amount not recorded by Academy	Foundation Payment revenue- 22,816	Due to ODE- 22,816
Amount posted to incorrect account	Foundation Payments revenue- 371,192	Poverty Based Assistance revenue- 371,192

The School also made several posting errors in accounting for state and federal grant monies required to be maintained in separate cash basis funds.

- 2006 and 2007 EMIS State Grant for \$5,000 was incorrectly recorded to the General Fund Miscellaneous Receipts. The School was able to identify allowable disbursements in the General Fund to offset this and avoid a finding for adjustment.
- The School did not record \$49,767 in disbursements from General Fund to the Food Service Fund, resulting in an incorrect food service fund balance of \$47,620 at 6/30/07. The corrected food service fund balance after the audit adjustment is (\$2,147). The appropriate adjustment was reflected on the Schools internal records to correct this.
- The School posted all Poverty Based Assistance receipts in the amount of \$371,192 to General Fund during FY 07. The PBA receipts should be posted to Fund 494. This was corrected on the financial statements as noted in the table above. The School was able to identify allowable disbursements in the General Fund to offset this and avoid a finding for adjustment.
- The School incorrectly posted Professional Development, Dropout Prevention and Community Outreach Aid from the Foundation Fund totaling \$20,396 to the General Fund. These funds should be posted to Fund 494. This was corrected on the financial statements as noted in the table above. The School was able to identify allowable disbursements in the General Fund to offset this and avoid a finding for adjustment.
- Lunchroom charges were posted as General Fund Miscellaneous Receipts totaling \$8,365 in fiscal year 2006 and as General Fund Food Service Receipts totaling \$1,745 in fiscal year 2006 and \$1,795 in fiscal year 2007. These charges should be posted to the food service Fund 006. The School was able to identify allowable disbursements in the General Fund to offset this and avoid a finding for adjustment.

As a result of these errors, receipts for certain line items and funds were incorrectly reported on the basic financial statements and the Schools cash basis fund records. The School made the required audit adjustments to correct the basic financial statements. Comingling of funds can result in lack of monitoring grant activity for allowability and proper reporting. We recommend the School segregate their state and federal funds on their financial records by correctly utilizing the Uniform School Accounting System and exercise due care when posting entries to the cash journal/ledger to assist in preventing errors and properly reflecting the School's financial activity in the annual report.

**FINDING NUMBER 2007-002  
(Continued)**

**Officials' Response:**

The school is aware of these posting issues and efforts will be made to identify and eliminate the variances detected during the audited period in future audits.

**FINDING NUMBER 2007-003**

**Noncompliance**

**Ohio Rev. Code, Sections 1702.59 (A) and (B)**, state that every nonprofit corporation, incorporated under the general corporation laws of this state, or previous laws, or under special provisions of the Revised Code, or created before September 1, 1851, which corporation has expressly or impliedly elected to be governed by the laws passed since that date, and whose articles or other documents are filed with the secretary of state, shall file with the secretary of state a verified statement of continued existence, signed by a director, officer, or three members in good standing, setting forth the corporate name, the place where the principal office of the corporation is located, the date of incorporation, the fact that the corporation is still actively engaged in exercising its corporate privileges, and the name and address of its agent appointed pursuant to section 1702.06 of the Revised Code. Each corporation required to file a statement of continued existence shall file it with the secretary of state within each five years after the date of incorporation of the last corporate filing.

Failure to file a statement of continued existence with the Secretary of State's Office will lead to the cancellation of the corporate status of the School. The School did not file a statement of continued existence with the Secretary of State's Office, and the School's corporate status with the state was cancelled on July 22, 2004. We recommend that the School make the proper filings with the Secretary of State's office to have their corporate status renewed.

**Officials' Response:**

This was corrected during fiscal year 2009 and is now monitored to prevent any future oversights.

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**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2005-001	Reportable Condition-Control Weaknesses over payroll cycle	Yes	
2005-002	ORC 2921.42 Division (A) (1) for board members voting on issues involving payroll or contracts that benefit relatives.	Yes	
2005-003	Ohio Rev. Code Section 149.351. All public records shall not be removed or transferred.	Not fully corrected	Reissued in Management Letter







**Mary Taylor, CPA**  
Auditor of State

**TECHNOLOGICAL COLLEGE PREP WORLD 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  
JUNE 4, 2009**